CUSHMAN & WAKEFIELD

# APPRAISAL OF REAL PROPERTY

Areu Bros. Studios
2769 Continental Colony Pkwy SW
Atlanta, Fulton County, GA 30331

## IN AN APPRAISAL REPORT

As of September 30, 2020

## Prepared For:

Areu Studios, LLC
3133 Continental Colony Parkway SW
Atlanta, GA 30331

## Prepared By:

Cushman & Wakefield of Georgia, LLC
Valuation & Advisory
1180 Peachtree Street, Suite 3100
Atlanta, GA 30309
Cushman & Wakefield File ID: 20-41002-901050-001

CUSHMAN & WAKEFIELD OF GEORGIA, LLC
1180 PEACHTREE STREET, SUITE 3100
ATLANTA, GA 30309

Areu Bros. Studios

2769 Continental Colony Pkwy SW

Atlanta, Fulton County, GA 30331

1180 Peachtree Street, Suite 3100
Atlanta, GA 30309
Tel +1 (404) 875-1000
cushmanwakefield.com

October 22, 2020

Mr. Ozzie Areu & Mr. Bernie Palmer
**Areu Studios, LLC**
3133 Continental Colony Parkway SW
Atlanta, GA 30331

Re: Appraisal Report

**Areu Bros. Studios**
2769 Continental Colony Pkwy SW
Atlanta, Fulton County, GA 30331

Cushman & Wakefield File ID: 20-41002-901050-001

Dear Mr. Areu & Mr. Palmer:

In fulfillment of our agreement as outlined in the Letter of Engagement copied in the Addenda, we are pleased to transmit our appraisal of the above referenced property in the following Appraisal Report.

The subject property consists of a filmed entertainment studio that contains 205,751 square feet of gross building area situated on an approximate 22.90 acre site. The subject property is currently being utilized by Areu Bros Studios for the production of various TV and movie productions.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

In recent times, the CRE market has been driven by investor demand and strong liquidity. Asset values can fall significantly in short periods of time if either of these two factors, often in conjunction with many others, change significantly. While Cushman & Wakefield is closely monitoring the latest developments and will continue to provide updates as events unfold, the reader is cautioned to consider that values and incomes are likely to change more rapidly and significantly than during standard market conditions. Furthermore, the reader should be cautioned and reminded that any conclusions presented in this appraisal report apply only as of the effective date indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions of the Market Value of the Going Concern. The property has been appraised as a going concern which assumes a fair sale includes the transfer of a valid operating license(s), the existing supplier contracts, adequate working capital, an assembled work force, and the transfer of all business assets necessary for the operation of an film production studio.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinions:

| Value Conclusions | | | |
|---|---|---|---|
| **Appraisal Premise** | **Real Property Interest** | **Date of Value** | **Value Conclusion** |
| Market Value As-Is | Fee Simple | September 30, 2020 | $25,700,000 |
| *Allocated to Real Estate* | Fee Simple | September 30, 2020 | $22,400,000 |
| *Allocated to FF&E* | Fee Simple | September 30, 2020 | $0 |
| *Allocated to Business Enterprise* | Going Concern | September 30, 2020 | $3,300,000 |
| Value in Use (Stabilized - Going Concern) | Going Concern | October 01, 2023 | $30,700,000 |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective going concern estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

We did not physically inspect the subject property and assume the improvements to be in good condition consistent with the last time we physically inspected the property in 2019.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

**CUSHMAN & WAKEFIELD OF GEORGIA, LLC**

James O'Neil, MAI
Director
GA Certified General Appraiser
License No. CG359501
james.oneil@cushwake.com
404 460 8666 Office Direct

C. Clayton Davie, MRICS, MAI
Executive Managing Director
GA Certified General Appraiser
License No. CG006657
Clayton.Davie@cushwake.com
(404) 853-5232 Office Direct

# Table of Contents

# Summary of Salient Facts and Conclusions

| **BASIC INFORMATION** | | |
|---|---|---|
| **Common Property Name:** | Areu Bros. Studios | |
| **Address:** | 2769 Continental Colony Pkwy SW<br>Atlanta, Georgia 30331 | |
| **County:** | Fulton County | |
| **Property Ownership Entity:** | Good Deed 317, LLC | |

| **SITE INFORMATION** | | |
|---|---|---|
| **Land Area:** | **Square Feet** | **Acres** |
| **Main Parcel:** | 1,037,948 | 22.90 |
| **Excess Land:** | 0 | 0.00 |
| **Total Land Area:** | 1,037,948 | 22.90 |
| | | |
| **Site Shape:** | Irregularly shaped | |
| **Site Topography:** | Level at street grade | |
| **Frontage:** | Good | |
| **Site Utility:** | Good | |
| | | |
| **Flood Zone Status:** | | |
| **Flood Zone:** | X | |
| **Flood Map Number:** | 13121C0361F | |
| **Flood Map Date:** | September 18, 2013 | |

| **BUILDING INFORMATION** | |
|---|---|
| **Type of Property:** | Filmed Entertainment Studio |
| | |
| **Building Area:** | |
| **Gross Building Area:** | 205,751 SF |
| **Net Rentable Area:** | 176,821 SF |
| **Land-to-Building Ratio:** | 5.04:1 |
| | |
| **Number of Buildings:** | 20 |
| **Number of Stories:** | 1 to 2 |
| **Quality:** | Good |
| **Year Built:** | Various (See Cost Approach) |
| **Condition:** | Average |
| **Actual Age:** | Various (See Cost Approach) |
| **Effective Age:** | Various (See Cost Approach) |
| **Remaining Economic Life:** | Various (See Cost Approach) |
| **Parking:** | |
| **Number of Parking Spaces:** | 479 |
| **Parking Ratio (per 1,000 sf):** | 2.71:1 |
| **Parking Type:** | Surface |

## MUNICIPAL INFORMATION

**Assessment Information:**

| | |
|---|---|
| **Assessing Authority:** | Fulton County |
| **Assessor's Parcel Identification:** | 14 0228 LL0511 |
| **Current Tax Year:** | 2020 |
| **Taxable Assessment:** | $8,779,160 |
| **Tax Assessment per Square Foot:** | $49.65 |
| **Current Tax Liability:** | $359,647 |
| **Taxes per Square Foot:** | $2.03 |
| **Are Taxes Current?** | Taxes are current |
| **Is a Grievance Underway?** | Not to our knowledge |
| **Subject's Assessment Is:** | At market levels |

**Zoning Information:**

| | |
|---|---|
| **Municipality Governing Zoning:** | City of Atlanta |
| **Current Zoning:** | O-I (Office & Institutional) |
| **Is Current Use Permitted?** | Yes |
| **Current Use Compliance:** | Complying use |
| **Zoning Change Pending:** | No |
| **Zoning Variance Applied For:** | Not applicable |

## HIGHEST & BEST USE

**As Though Vacant:**

A commercial or light industrial use built to its maximum feasible building area.

**As Improved:**

As it is currently improved.

| VALUATION INDICES | Market Value As-Is |
|---|---|
| **VALUE DATE** | **September 30, 2020** |
| **Land Value** | |
| Indicated Value: | $2,700,000 |
| Per Acre: | $117,904 |
| **COST APPROACH** | |
| Indicated Value: | $22,400,000 |
| Per Square Foot (GBA): | $108.87 |
| **INCOME CAPITALIZATION APPROACH** | |
| **Yield Capitalization** | |
| Projection Period: | 11 Years |
| Holding Period: | 10 Years |
| Terminal Capitalization Rate: | 9.00% |
| Internal Rate of Return: | 10.00% |
| Indicated Value: | $25,800,000 |
| Per Square Foot (NRA): | $145.91 |
| **Direct Capitalization** | |
| Net Operating Income (Stabilized): | $2,590,643 |
| Capitalization Rate: | 8.50% |
| Preliminary Value: | $30,478,151 |
| LESS Cash Flow Differential | ($5,000,000) |
| Indicated Value: | $25,478,151 |
| Indicated Value Rounded: | $25,500,000 |
| Per Square Foot (NRA): | $144.21 |
| **Income Capitalization Approach** | |
| Indicated Value: | $25,700,000 |
| Per Square Foot (NRA): | $145.34 |
| **FINAL VALUE CONCLUSION** | |
| Real Property Interest: | Fee Simple |
| Concluded Value: | $25,700,000 |
| Per Square Foot (NRA): | $145.34 |
| **EXPOSURE AND MARKETING TIMES** | |
| **Exposure Time:** | 12-24 Months |
| **Marketing Time:** | 12-24 Months |
| **INSURABLE VALUE** | |
| Total - All Buildings: | $25,050,000 |

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective going concern estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

We did not physically inspect the subject property and assume the improvements to be in good condition consistent with the last time we physically inspected the property in 2019.

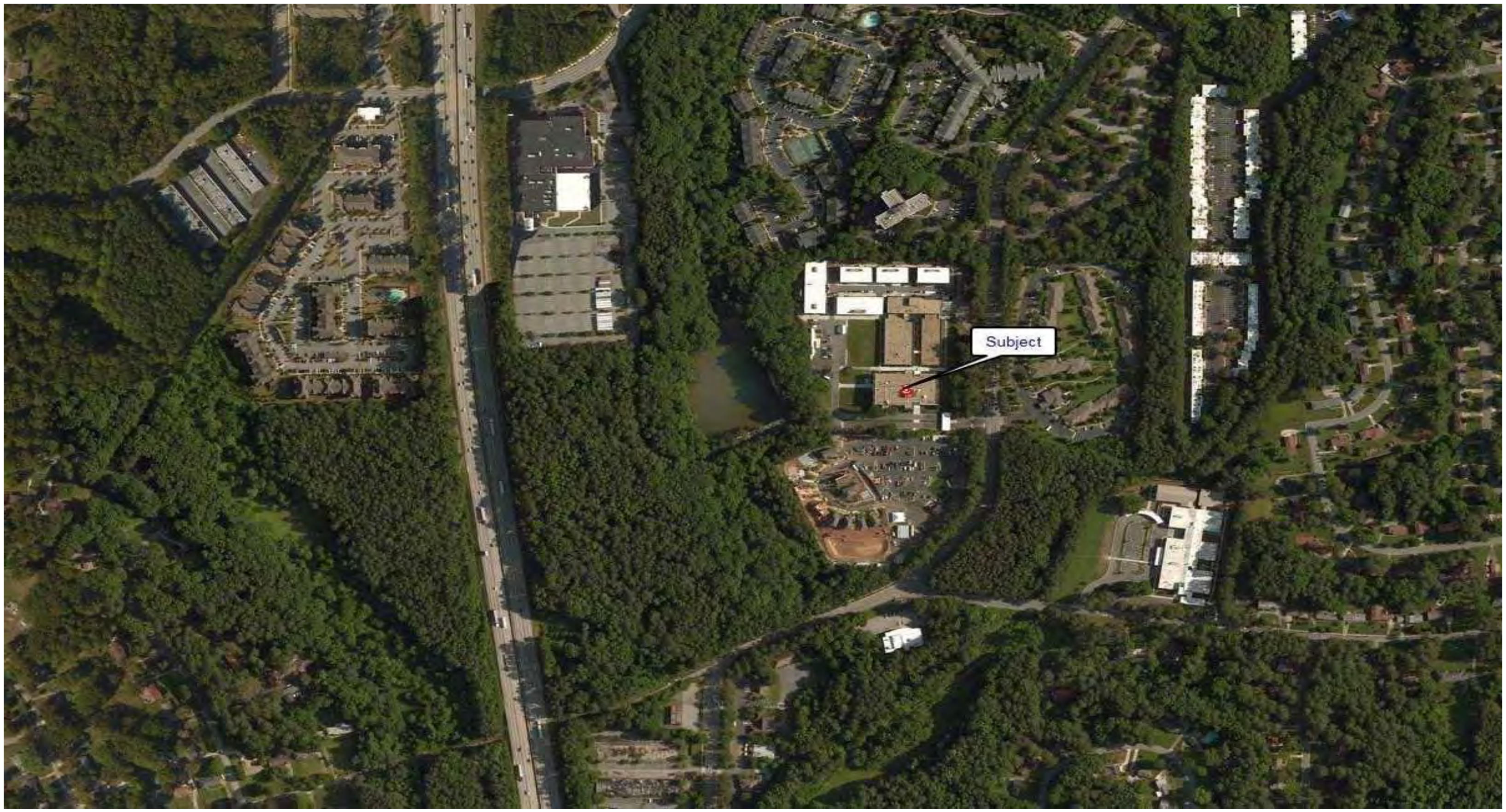
## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

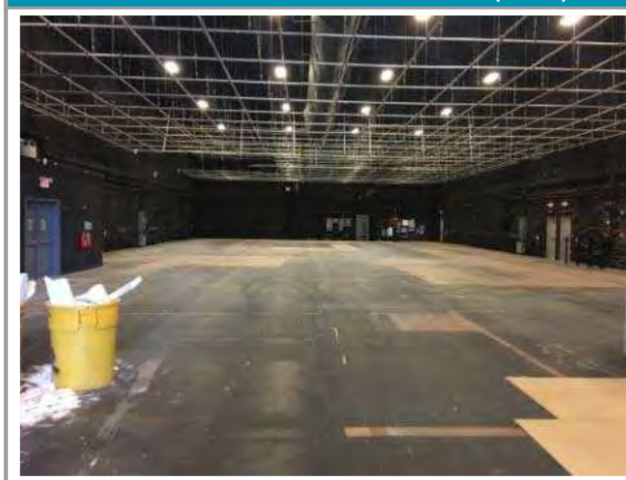
# Property Photographs

## AERIAL PHOTOGRAPH



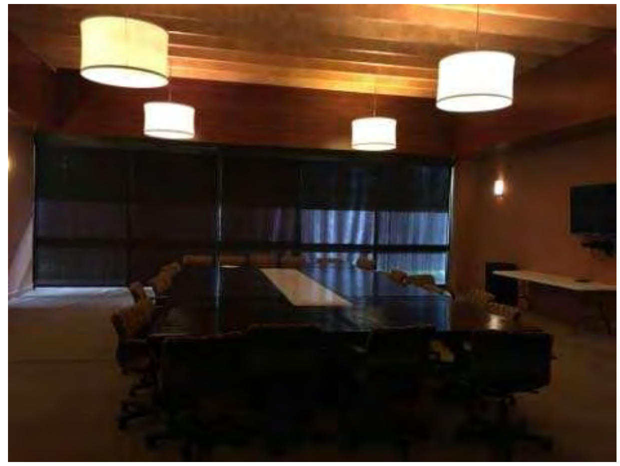
| EXTERIOR VIEW OF PROPERTY (2019) | EXTERIOR VIEW OF PROPERTY (2019) |
| --- | --- |
|  |  |

| EXTERIOR VIEW OF BACKLOT HOME (2019) | EXTERIOR VIEW OF BACKLOT HOMES (2019) |
| --- | --- |
|  |  |

| INTERIOR VIEW OF PROPERTY (2019) | INTERIOR VIEW OF PROPERTY (2019) |
| --- | --- |
|  |  |

**INTERIOR VIEW OF PROPERTY (2019)**

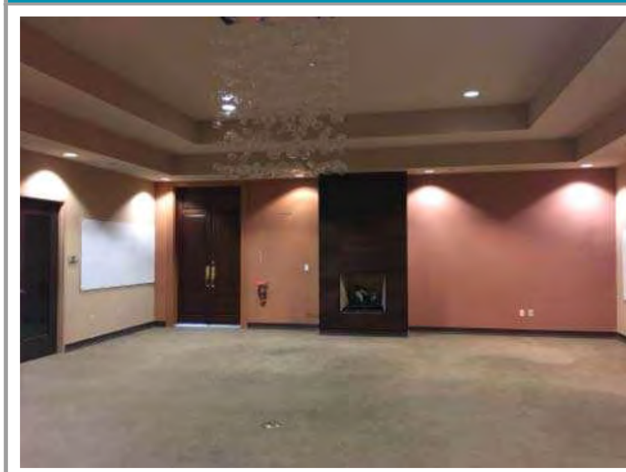
**INTERIOR VIEW OF PROPERTY (2019)**



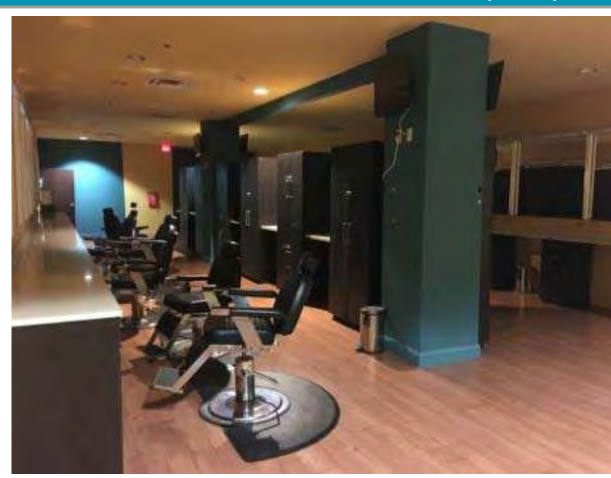
**INTERIOR VIEW OF PROPERTY (2019)**

**INTERIOR VIEW OF PROPERTY (2019)**

**INTERIOR VIEW OF PROPERTY (2019)**



**INTERIOR VIEW OF PROPERTY (2019)**



# Scope of Work

## Overview

Scope of work is the type and extent of research and analyses involved in an assignment. To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the relevant characteristics of the subject property, and other pertinent factors. Our concluded scope of work is summarized below, and in some instances, additional scope details are included in the appropriate sections of the report:

### Research

- We inspected the property and its environs. Physical information on the subject was obtained from the property owner's representative, public records, and/or third-party sources.
- Regional economic and demographic trends, as well as the specifics of the subject's local area were investigated. Data on the local and regional property market (supply and demand trends, rent levels, etc.) was also obtained. This process was based on interviews with regional and/or local market participants, primary research, available published data, and other various resources.
- Other relevant data was collected, verified, and analyzed. Comparable property data was obtained from various sources (public records, third-party data-reporting services, etc.) and confirmed with a party to the transaction (buyer, seller, broker, owner, tenant, etc.) wherever possible. It is, however, sometimes necessary to rely on other sources deemed reliable, such as data reporting services.

### Analysis

- Based upon the subject property characteristics, prevailing market dynamics, and other information, we developed an opinion of the property's Highest and Best Use.
- We analyzed the data gathered using generally accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value.
- The results of each valuation approach are considered and reconciled into a reasonable value estimate.

This Appraisal Report has been prepared in accordance with our interpretation of your institution's guidelines and the Uniform Standards of Professional Appraisal Practice (USPAP).

Cushman & Wakefield of Georgia, LLC has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature. For this assignment, Quality Control Oversight was provided by C. Clayton Davie , MRICS, MAI.

This appraisal employs the Income Capitalization Approach and the Cost Approach. The subject improvements represent a special purpose use, and their value is tied directly to the economic benefits that can be derived from ownership. The subject is a purpose built, specialized facility and the Cost Approach serves as a secondary indicator of market value. A Sales Comparison Approach has been excluded due to the lack of sales involving similar facilities. Sales of studio facilities have occurred over the past decade and limited information from these transactions is presented for reference and general comparisons. However, there are significant differences in the physical and economic characteristics of these assets, and very limited information on those characteristics is available. A meaningful Sales Comparison Approach value indication cannot be derived. We have however included Land Value, which has been developed via the Sales Comparison Approach.

## Report Option Description

USPAP identifies two written report options: Appraisal Report and Restricted Appraisal Report. This document is prepared as an Appraisal Report in accordance with USPAP guidelines. The terms “describe,” summarize,” and “state” connote different levels of detail, with “describe” as the most comprehensive approach and “state” as the least detailed. As such, the following provides specific descriptions about the level of detail and explanation included within the report:

- Describes the real estate and/or personal property that is the subject of the appraisal, including physical, economic, and other characteristics that are relevant
- States the type and definition of value and its source
- Describes the Scope of Work used to develop the appraisal
- Describes the information analyzed, the appraisal methods used, and the reasoning supporting the analyses and opinions; explains the exclusion of any valuation approaches
- States the use of the property as of the valuation date
- Describes the rationale for the Highest and Best Use opinion

## Identification of Property

| | |
|---|---|
| Common Property Name: | Areu Bros. Studios |
| Address: | 2769 Continental Colony Pkwy SW, Atlanta, Fulton County, Georgia 30331 |
| Location: | The subject property is located west of the intersection of Continental Colony Parkway SW and Hogan Road SW. |
| Assessor's Parcel Number(s): | 14 0228 LL0511 |
| Legal Description: | The legal description was requested but not provided. |
| Property Overview: | The subject property consists of a filmed entertainment studio that contains 205,751 square feet of gross building area situated on an approximate 22.90 acre site. The subject property is currently utilized by Areu Bros Studios for the production of various TV and movie productions. |

## Property Ownership and Recent History

| | |
|---|---|
| Current Ownership: | Good Deed 317, LLC |
| Sale History: | The subject property was purchased by the current owner in December 2018 for $18,500,000. The most recent sale price is below our concluded opinion of the Market Value As-Is. Our higher opinion of value reflects the improved income characteristics in comparison to the property's situation at the time of sale. |
| Current Disposition: | To our knowledge, the subject property is not currently listed for sale. |

## Dates of Inspection and Valuation

| | |
|---|---|
| Effective Date(s) of Valuation: | |
| As Is: | September 30, 2020 |
| Value In Use (Stabilized Going Concern): | October 1, 2023 |
| Date of Report: | October 22, 2020 |
| Date of Inspection: | September 30, 2020 |
| Property Inspected by: | James O'Neil, MAI and C. Clayton Davie, MRICS, MAI did not make a personal inspection of the subject property. James O'Neil, MAI previously inspected the property in 2019. |

## Client, Intended Use and Users of the Appraisal

| | |
|---|---|
| Client: | Areu Studios, LLC |
| Intended Use: | This appraisal is intended to provide an opinion of the Market Value of the Fee Simple interest in the property for internal business decisions by the Client. This report is not intended for any other use. |
| Intended User: | **This appraisal report was prepared for the exclusive use of Areu Studios, LLC. Use of this report by others is not intended by the appraiser.** |
| | Please see the Engagement Letter in the addenda. |

# Regional Analysis

**REGIONAL MAP**

# Atlanta Regional Analysis

## Introduction

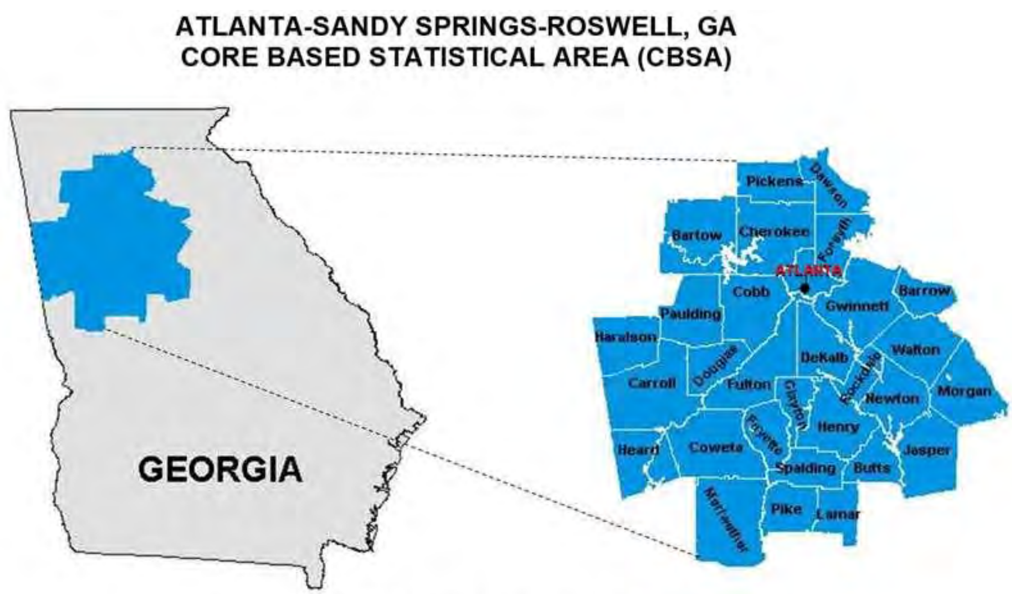
### Market Definition

The Atlanta-Sandy Springs-Marietta Core-Based Statistical Area (Atlanta CBSA) is the ninth largest region in the United States, consisting of 29 counties in northwest Georgia. The City of Atlanta is the largest incorporated area within the CBSA encompassing most of Fulton County and a portion extending into neighboring DeKalb County.

Atlanta is the state capital and the most populous city in the state of Georgia. Atlanta's urban core is one of the fastest growing metropolitan areas in the country. Atlanta has the country's third largest concentration of Fortune 500 companies and 75% of Fortune 1000 companies have a presence in the metropolitan area. Atlanta's core strengths and assets include rapid population growth, superb logistics infrastructure, business-friendly environment, world-class airport, tourism amenities and higher education infrastructure. Additionally, Atlanta's location offers businesses direct access to over 170 U.S. cities and 80 destinations around the world. As a global logistics hub, metro Atlanta has the fifth-largest concentration of supply chain companies with over one million employed in logistics. As the 5th largest distribution center, metro Atlanta has access to 4.9 million consumers. Atlanta is one of five U.S. cities served by three major interstate highways. Over 80% of U.S commercial and consumer markets can be reached within two flight hours or two truckload delivery days. The metro area ranks sixth in ground freight movement in the U.S.

### Map

The following map portrays the Atlanta CBSA within the state of Georgia.




Source: Cushman & Wakefield Valuation & Advisory

### COVID-19 Impacts

As we are only a few months into the COVID-19 pandemic, and the economic crisis that unfolded as result, it is important to note that data lags, and we are still trying to accurately determine the effects on the commercial real

estate market. In other sections of the report we will discuss these effects and impacts on the market and subject property in as much detail as possible. With that said, it is important to note the following points:

- The COVID-19 pandemic caused shutdowns of non-essential business, and significantly disrupted the economy. At the beginning of third quarter, businesses are now in various stages of reopening around the country. The location of the subject property, or properties, has a significant impact on its ability to operate and function.
- Tenant income losses (business or personal) have, in many cases, translated into near term cash flow disruption for properties. The severity of these impacts are property specific with some property types impacted more than others.
- The full effects of these impacts are continuing to unfold. While many market participants were reporting a pause/hold on transactions, we are starting to see some movement again. At the same time, delinquencies are on the rise and more properties are requiring special servicers.
- Right now, most economists are cautiously optimistic about the near-term future. The economy is expected to pick up in the second half of the year, but concerns about a second wave in the fall, without a treatment or vaccine, linger.

## Current Trends

Prior to the onset of the COVID-19 outbreak, the Atlanta CBSA was experiencing broad-based job growth, calculating month-over-month increases. As of March 2020, the region added 43,400 new jobs over the year increasing 1.5%. The Atlanta CBSA has had over-the-year employment gains each month since July 2010. With companies in hiring mode, Atlanta helped the state solidify its position as the best place to do business. The growing list of relocation and expansion announcements from businesses coming to Atlanta resulted in hundreds of millions in investments and the creation of tens of thousands of new jobs. As a result, Site Selections has ranked Georgia No. 1 for business for seventh consecutive years. Of note: Georgia is the only state to win the business publication's award seven consecutive years.

However, as the coronavirus became a major global health threat in mid-March, impacts to the local economy began to materialize. Limits to travel, public gatherings and closings of restaurants and bars while encouraging social distancing led to changes in consumer and business spending. According the U.S. Bureau of Labor Statistics, Atlanta shed 307,900 jobs between March and April. Employment had declined 9.9% year-over-year as of April 2020. As of August 2020, total non-farm employment measured 2,726,200 jobs, down 126,500 jobs or 4.4% year-over-year; however, reclaiming 42% of the jobs lost between March and April. Unemployment surged 9.7 percentage points year-over-year in April to measure 12.7%. As of August unemployment remains elevated at 6.3%, despite falling 6.4 percentage points.

While all sectors were impacted, the tourism industry was the hardest hit as hotels were emptied and traveling came to a near halt. The leisure and hospitality sector shed 117,100 jobs between March and April. The Atlanta Convention and Visitors Bureau (ACVB) reported that the Atlanta hotels experienced nearly 700,000 room cancellations by groups (March through May), as 22 large groups had planned events in the city in 200, dropped to 13, with four occurring before the pandemic began affecting gatherings. ACVB revenues for the year are projected to $19.2 million (which includes $5 million in reserves), down from the $34 million originally forecast for 2020.

Despite the economic disruption caused by the COVID-19 pandemic, companies continue to look to Atlanta and the state of Georgia to relocate and expand. According to the Georgia Department of Economic Development, an increase in economic development projects in Georgia and a total of more than $7.4 billion in new investments were made in fiscal year 2020. The list of relocating and expanding companies continues as many companies continue to look at the advantages the region has to offer. Recent announcements include Papa John's choosing

Atlanta to open a new global headquarters in 2021, creating 200 new jobs in the area. Also, the sports beverage company BANG ENERGY is investing $145 million in opening its first southeastern manufacturing and distribution facility in Douglasville, creating 600 new jobs. Additionally, Atlanta continues to attract more and more Fortune 500 innovation centers and IT hubs, lured by the region's abundant and relatively inexpensive tech workforce as evidenced by Atlanta being named the No. 1 Hub in the U.S. by Business Facilities Magazine.

The recent events detailed below reveal current economic conditions in the metro-Atlanta area:

- Demand for new homes in the Atlanta metro area has trended upward since late April, becoming a bright spot for the local economy. According to MarketNSight, a real estate research firm, the ability to work remotely has fueled an uptick in demand in the Atlanta suburbs. Cherokee, Cobb and Gwinnett counties posted increasing pending home sales between June and August.
- Sugar Bowl Bakery, a leading minority-owned bakeries in America, will locate its first East Coast location in DeKalb County. The company is expected to deliver roughly 400 new jobs and invest $37 million over the next five years in its new Tucker facility.
- Toyota Financial Services is establishing a new East Dealer Service Center in Alpharetta, investing $8 million and creating 150 new jobs. Toyota Financial Services, the finance and insurance brand for Toyota in the United States, is opening this East Dealer Services Center as one of three "hub" locations for the company that support automotive dealers across the nation.
- Sonic Automotive, Inc., a Fortune 500 company and one of the largest retailers of new and pre-owned vehicles in the U.S., will locate a dealership and regional headquarters for EchoPark Automotive in Duluth, creating 130 new jobs and investing $20 million in the project. Based in Charlotte, NC, Sonic Automotive Inc., operates more than 100 dealership across 12 states in the U.S.
- Lidle US, a leading grocery retailer, will build a regional distribution center Covington. Lidl is investing $100 million in the project which will create 270 new full-time jobs. The 925,000 square-foot facility will serve as a headquarters and will supply products to Lidl stores across the region.
- Invesco is expanding its global headquarters in Atlanta, investing $70 million and adding 500 jobs new jobs. Invesco will move to a new global headquarters building in Midtown Union, currently under construction with scheduled delivery in August 2022. Invesco currently employs 650 professionals in Atlanta.
- Norfolk Southern Corp. broke ground on its new $575 million headquarters in Midtown in March 2019. The new complex, expected to be completed in the third quarter of 2021, will have two towers totaling 750,000 square feet. Norfolk Southern's relocation will bring approximately 850 jobs to Atlanta.
- Mixed-use projects are on the rise in the Atlanta region. The recently approved $5 billion plan for downtown Gulch project named the Centennial Yards, is slated to take 10 to 15 years to complete the nine million square feet of office space, 1,000 new residences, 1,500 hotel rooms and 1 million square feet of retail, as well as infrastructure enhancements and greenspace to the downtown area.

- Like most industries in the Atlanta CBSA, the film industry was halted by the COVID-19 pandemic. After months of being shut down, Georgia's film industry is ramping back up. According to state officials, the major motion picture, television and streaming companies planned to bring back and hire and estimated 40,000 production workers for an expected 75 production projects that will invest $2 billion in the Georgia economy over the next year and a half. Despite the global COVID-19 pandemic, Georgia was ranked No. 1 Film Production Leader by Business Facilities Magazine. with 234 film and television productions filmed in the state during fiscal year 2020 spending $2.4 billion. The state was on pace for another record-setting year before the pandemic caused a pause in production. In fiscal year 2019 (July 1, 2018 to June 30, 2019), 399 productions were filmed in the state, including 26 feature films, 31 independent firms, 214 television series, 91 commercials and 29 music videos resulting in a record $2.9 billion investment in the state.
- Atlanta is functioning as a data center hub for the southeast region of the country. Switch, a Las Vegas-based tech firm, plans to build a $2.5 billion, one million square foot data center campus in metro Atlanta. CyrusOne is developing a $206 million, one million square foot data center campus on a 44-acre site in the Riverside West Business Park, in Douglas County. The campus will be developed in three phases and the company expects to expand over time. In addition to the $206 million investment, an additional $600 million would be invested by enterprise customers who locate servers and other equipment in the data center. Facebook invest $750 million to build a data center on 416 acres of land it purchased in Stanton Springs (the four-county technology park owned by the Joint Development Authority of Jasper, Morgan, Newton and Walton Counties). The data center is planned in four phases, starting with two building totaling 970,000 square feet. Three additional phases will potentially follow, each at 400,000 square feet. The first phase is expected to hire 100 persons and to be operational by 2020, Facebook recently announced that it will make a $1 billion investment in Georgia by adding three new buildings to its data center campus now under construction in Newton County. The investment is expected to create 200 jobs when the project is completed in 2023 and adds 1.5 million square feet of space.
- Tech jobs in the Atlanta CBSA grew 46.7% since 2010, 20% more than the national average. The highly skilled workforce, advanced technology infrastructure and academic institutions (Emory University, Georgia Institute of Technology and Georgia State University) are the major draw for global tech firms. Most of state's tech sector is in the 29-county Atlanta region. Notable announcements include Deluxe establishing a new office complex along with a FinTech and Customer Innovation Center in Sandy Springs, investing $10 million and creating 709 new jobs. Honeywell International chose Atlanta for its first North American software development center. Honeywell plans to invest $20 million in the first-of-its-kind software development center and relocate the headquarters of its nearly $10 billion Home and Building Technologies division from Minneapolis. The expansion is projected to create more than 730 jobs over the next five years. Additionally, Honeywell plans to lease roughly 30,000 square feet at 715 Peachtree in Midtown and increasing its footprint by 50%, hiring nearly 200 employees at this location. Honeywell joins other Fortune 500 companies bringing technology centers to Atlanta, including GE Digital, General Motors, NCR and Keysight Technologies.

## Demographic Characteristics

With a median age of 36 years, Atlanta is two years younger than the national median age of 38 years. Atlanta is also more educated compared to the national average with approximately 37% of its adult population having a bachelor's degree or better. The Atlanta region is highly competitive, with 57 colleges and universities producing a skilled talent pool ready for the workforce. Colleges and universities in the Atlanta region create 130,000 jobs across all industries in Georgia. According to the Metro Atlanta Chamber of Commerce, Atlanta leads the nation in attracting highly educated 25- to 34-year olds, which is one of the most coveted demographic cohorts in the country. Millennials make up the largest generation in the United States. Young migrants are lured by urban living and the

technological boom underway in the Atlanta CBSA. *Forbes* magazine continues to rank Atlanta among the best cities for young professionals.

In terms of wealth, over 29% of Atlanta households have annual incomes of $100,000 or more, which makes Atlanta slightly more affluent than the national average. Atlanta's most affluent areas (households with incomes of $100,000 or greater) are located primarily in the metro areas of Duluth, Dunwoody, Buckhead, Sandy Springs, Roswell, Alpharetta, Vinings, East Cobb and Peachtree City.

The chart below provides some demographic comparisons between the Atlanta CBSA and the nation:

**Demographic Characteristics**
**Atlanta CBSA vs. United States**
**2020 Estimates**

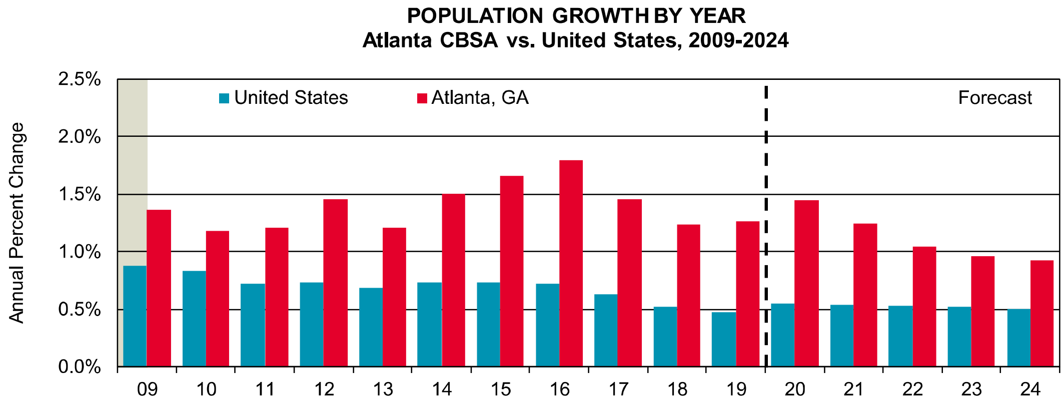
| Characteristic | Atlanta CBSA | United States |
|---|---|---|
| Median Age (years) | 36 | 38 |
| Average Annual Household Income | $93,401 | $87,636 |
| Median Annual Household Income | $64,813 | $60,811 |
| *Households by Annual Income Level:* | | |
| <$25,000 | 17.7% | 20.3% |
| $25,000 to $49,999 | 21.2% | 21.4% |
| $50,000 to $74,999 | 18.1% | 18.0% |
| $75,000 to $99,999 | 13.6% | 13.0% |
| $100,000 plus | 29.4% | 27.2% |
| *Education Breakdown:* | | |
| < High School | 11.4% | 13.0% |
| High School Graduate | 24.6% | 27.6% |
| College < Bachelor Degree | 27.5% | 29.0% |
| Bachelor Degree | 23.2% | 18.9% |
| Advanced Degree | 13.4% | 11.5% |

Source: © 2020 Experian Marketing Solutions, Inc. •All rights reserved•
Cushman & Wakefield Valuation & Advisory

## Population

Between July 1, 2018 and July 1, 2019, Georgia's population increased by 106,292 to over 10.6 million residents. Georgia remains the eighth largest state in the country. The 29-county Atlanta CBSA increased 1.3% (or 75,100 residents) to over six million residents during the 12-month period ending July 1, 2019. Between 2009 and 2019, population growth averaged 1.4% per year. The Atlanta CBSA is the third largest in the southeast and the ninth most populous metropolitan area in the U.S. According to Moody's Analytics, Atlanta's net migration has averaged approximately 50,000 residents per year over the past five years, with net in-migration accounting for roughly 60% of population gains. Over the next five years, population growth is projected to maintain this steady pace. The availability of jobs in the region continues to attract many new residents.

The following graph depicts population growth trends in the Atlanta CBSA vs. the Top 100 metros. In the following exhibit and all subsequent time-series graphs, the gray shaded bars indicate periods of nationwide economic recessions.




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

The general direction of the metro area's growth has been north-northeast and primarily concentrated along the GA-400 corridor. The more established core counties of Fulton, DeKalb, Cobb, Gwinnett and Clayton account for the majority of the CBSA's population. However, outlying counties, such as Forsyth, Henry, and Cherokee, have experienced higher overall rates of population growth than the CBSA over the past 10 years.

The following table compares population growth trends in the Atlanta CBSA, including the counties which make up the metropolitan statistical area:

**Annualized Population Growth by County**
**Atlanta CBSA**
**2009-2024**

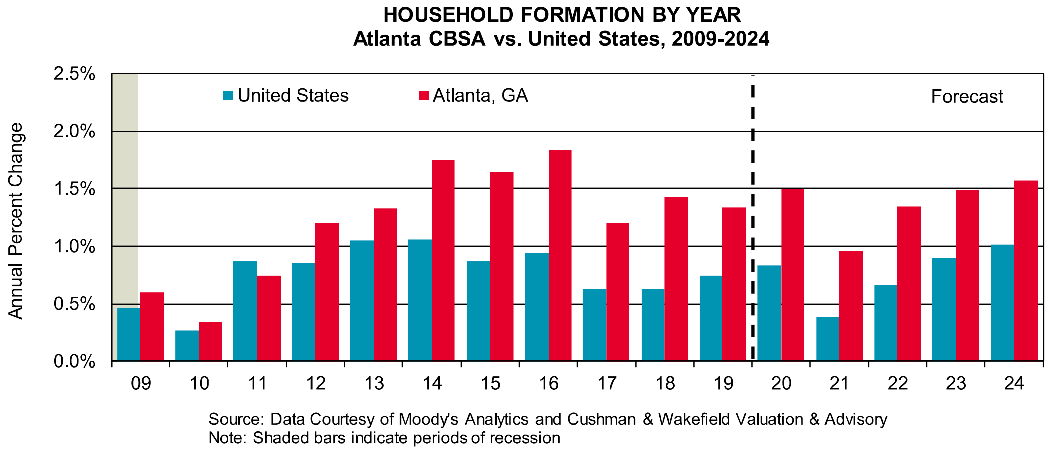
| Population (000's) | 2009 | 2019 | Forecast 2020 | Forecast 2024 | Compound Annual Growth Rate 09-19 | Compound Annual Growth Rate 20-24 |
|---|---|---|---|---|---|---|
| United States | 306,771.5 | 328,239.5 | 330,035.2 | 337,009.5 | 0.7% | 0.5% |
| **Atlanta, GA** | **5,240.8** | **6,020.4** | **6,107.3** | **6,366.5** | **1.4%** | **1.0%** |
| Clayton County | 260.1 | 292.3 | 296.3 | 311.2 | 1.2% | 1.2% |
| Cobb County | 684.8 | 760.1 | 768.4 | 785.2 | 1.0% | 0.5% |
| DeKalb County | 690.7 | 759.3 | 766.9 | 783.6 | 1.0% | 0.5% |
| Fulton County | 905.5 | 1,063.9 | 1,077.7 | 1,120.2 | 1.6% | 1.0% |
| Gwinnett County | 796.3 | 936.2 | 951.2 | 991.6 | 1.6% | 1.0% |
| All Other Counties | 1,903.5 | 2,208.5 | 2,246.8 | 2,374.7 | 1.5% | 1.4% |

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## Households

Traditionally, household formation in the Atlanta CBSA mirrors population growth trends. As can be expected, the significant effect that job loss had on population growth during the most recent recession hampered new household formations as well. Since the recession, the Atlanta's housing market rebounded and recorded significant gains, a direct result of the improved job situation. These gains will slow in the coming months as the supply/demand divide expands. Additionally, house price appreciation in Atlanta is north of 5%, among the fastest in the region. Nevertheless, Atlanta has large young renter pool, which should translate into first-time homebuyers. According to Moody's Analytics, household formation increased at an average annual rate of 1.3% between 2009 and 2019. Over the next five years, growth in household formation will average 1.3% per year with the number of households in the Atlanta CBSA is expected to reach 2.4 million in 2024.

The following graph compares historical and projected growth trends in household formation in the Atlanta CBSA and the U.S. overall:



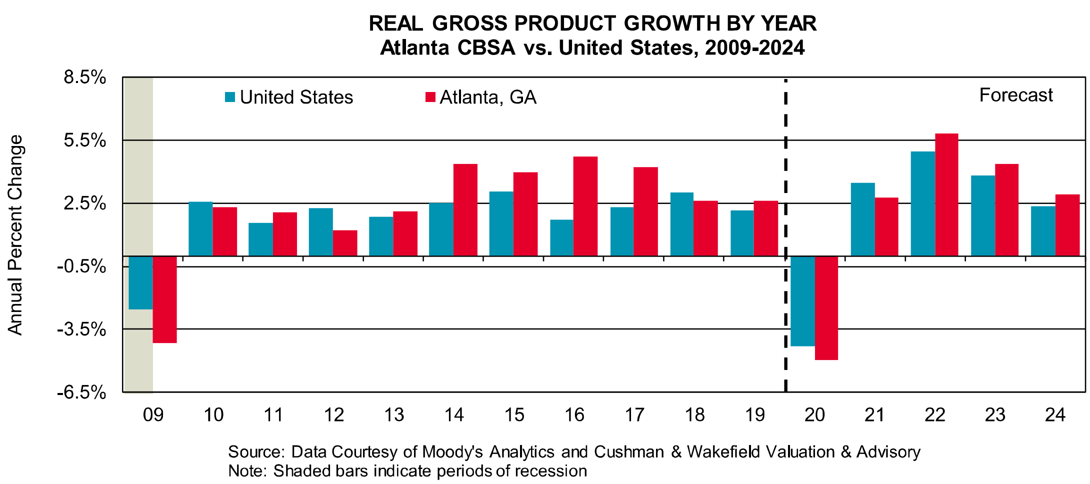

## Economic Trends

### Gross Metro Product

Before the pandemic set in, the Atlanta's economy was back on track, with gross metro product measuring $397.3 billion 2018, increasing 4.5% over 2017 when GDP measured $380.2 billion, according to estimates by the Bureau of Economic Analysis (the most current data available). More industries are expanding and creating jobs, which is translating into solid growth for the region. U.S. Metro Economies Economic Growth and Full Employment June 2018 report, projects Atlanta's GMP to measure $ $425.7 billion in 2019.

According to Moody's Analytics, GMP growth measured 3% per year between 2009 and 2019. Through 2024, GMP growth is projected to increase at an annual rate of 3.9% per year, despite the 4.9% decrease expected this year due to the COVID-19 pandemic.

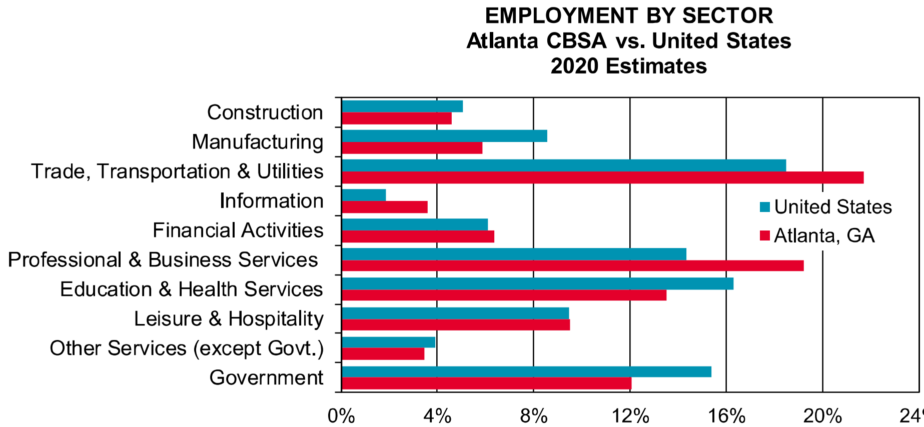
The chart below compares gross product growth by year for the Atlanta CBSA and the United States:



## Employment Distribution

Atlanta's employment base is one of the most diverse in the nation, with the services and trade sectors accounting for the bulk of total employment. Particularly, Hartsfield-Jackson Atlanta International Airport is the largest employment engine in the state of Georgia (Delta Air Lines Inc. employs 34,500 persons). Although Atlanta has some critical growth engines, no one sector dominates economic growth. However, the residential real estate market has historically been a major economic driver for the local economy. Construction and businesses related to the housing market were drastically impacted by the fallout of the housing sector. As the residential housing market fell deeper into recession, the fallout impacted commercial development, manufacturing, wholesale and retail trade and professional and business services.

The graph below depicts Atlanta's employment base.




Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

## Major Employers

According to the Metro Atlanta Chamber of Commerce, 30 Fortune 500/1000 companies generated aggregate revenues of $438 billion in fiscal year 2019. The Atlanta metropolitan area is home to four *Global 500* corporations, sixteen *Fortune 500* corporations and thirty *Fortune 1000* corporations. Atlanta ranks third in the number of Fortune 500 companies headquartered within city boundaries, behind New York and Houston (tying with Dallas). The Home Depot (26), UPS (43), Delta Air Lines (68), Coca Cola (88), Southern Company (153), Genuine Parts (171), WestRock (177), PulteGroup (309), Newell Brands Inc. (316), AGCO (350), Veritiv (412), Asbury Automotive Group, Inc. (428), NCR (439) and HD Supply (478) are among those companies headquartered in metro Atlanta. Also, several major national and international companies are headquartered in Atlanta and its nearby suburbs. According to IBMs Global Business Services and Site Solutions Magazine's "The World's Most Competitive Cities" report, Atlanta ranks high among the most competitive cities in the world when it comes to attracting companies and international investments.

The following table lists Atlanta's largest employers:

**Largest Employers**
**Atlanta-Sandy Springs-Roswell, GA**

| Company | No. of Employees | Business Type |
|---|---|---|
| Delta Air Lines | 34,500 | Transportation |
| Emory University & Emory Healthcare | 32,091 | Education & Health Services |
| Home Depot | 16,510 | Retail |
| Northside Hospital | 16,000+ | Healthcare Services |
| Piedmont Healthcare | 15,900 | Healthcare Services |
| Publix Super Markets | 15,591 | Retail |
| WellStar Health System | 15,353 | Healthcare Services |
| The Kroger Co. | 15,000+ | Retail |
| AT&T | 15,000 | Communication |
| UPS | 14,594 | Distribution |

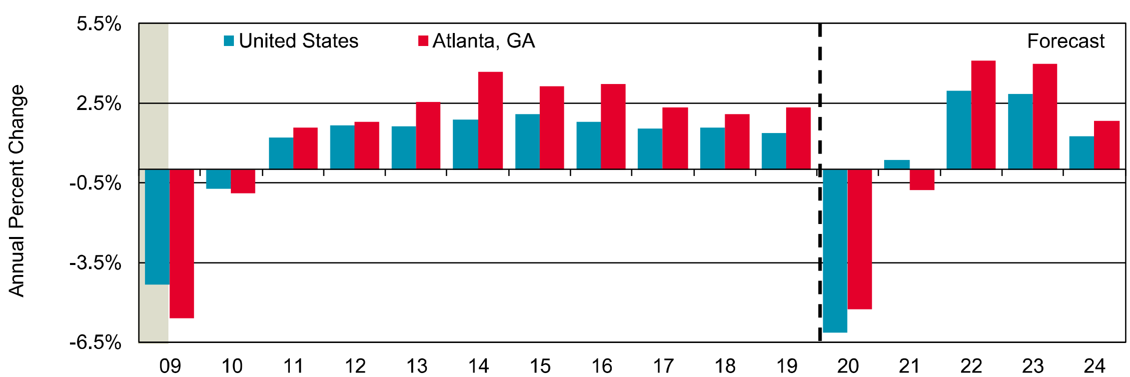
Source: Metro Atlanta Chamber of Commerce;
Cushman & Wakefield Valuation & Advisory

## Employment Growth

The Atlanta CBSA has recorded over-the-year job growth each month for over five consecutive years before the COVID-19 pandemic caused the current economic disruption. As previously mentioned, the Atlanta MSA shed nearly 308,000 jobs between March and April as the pandemic set in. The employment situation has since improved, reclaiming roughly 42% of the jobs lost; however employment growth remains in the negative, down 4.4% year-over-year (as of August 2020). The trade, transportation and utilities sector is the only industry to report growth, increasing just 0.1% over the year (adding 400 new jobs).

The following chart illustrates employment growth for the Atlanta CBSA and the United States:

**TOTAL EMPLOYMENT GROWTH BY YEAR**
**Atlanta CBSA vs. United States, 2009-2024**




Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

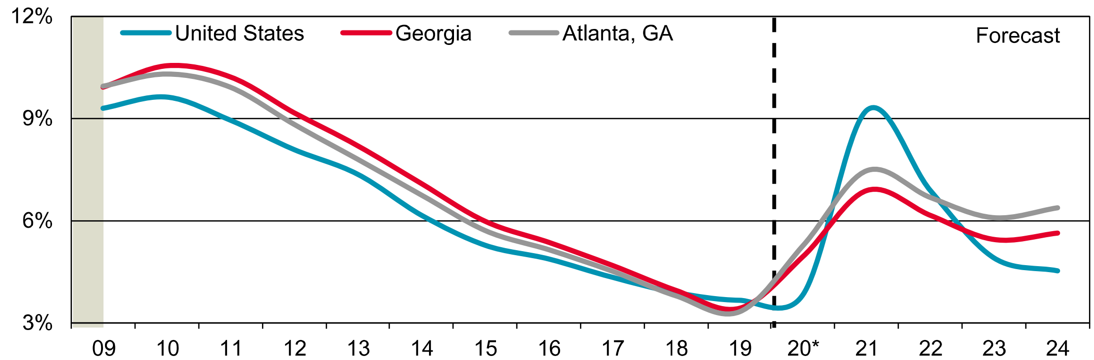
## Unemployment

As of August2020, the CBSA's unemployment rate of 6.3%,declining 6.4 percentage points from 12.7% is reached in April. Year-over-year, the unemployment rate is up 2.8 percentage points. At 6.3%, the unemployment rate reflects roughly 187,200 persons out of work. According to the Georgia Department of Labor GDOL, 151,491 laid-off workers in the metro Atlanta filed initial claims for unemployment insurance benefits in August 2020, increasing

nearly 1,500% year-over-year. The spike in initial unemployment claims correlate to the number of temporary layoffs associated with the COVID-19 pandemic, according to GDOL.

The following graph compares historical and projected unemployment levels for the Atlanta CBSA and the U.S.:

**UNEMPLOYMENT RATE BY YEAR**
**Atlanta CBSA vs. Georgia vs. United States, 2009-2024**



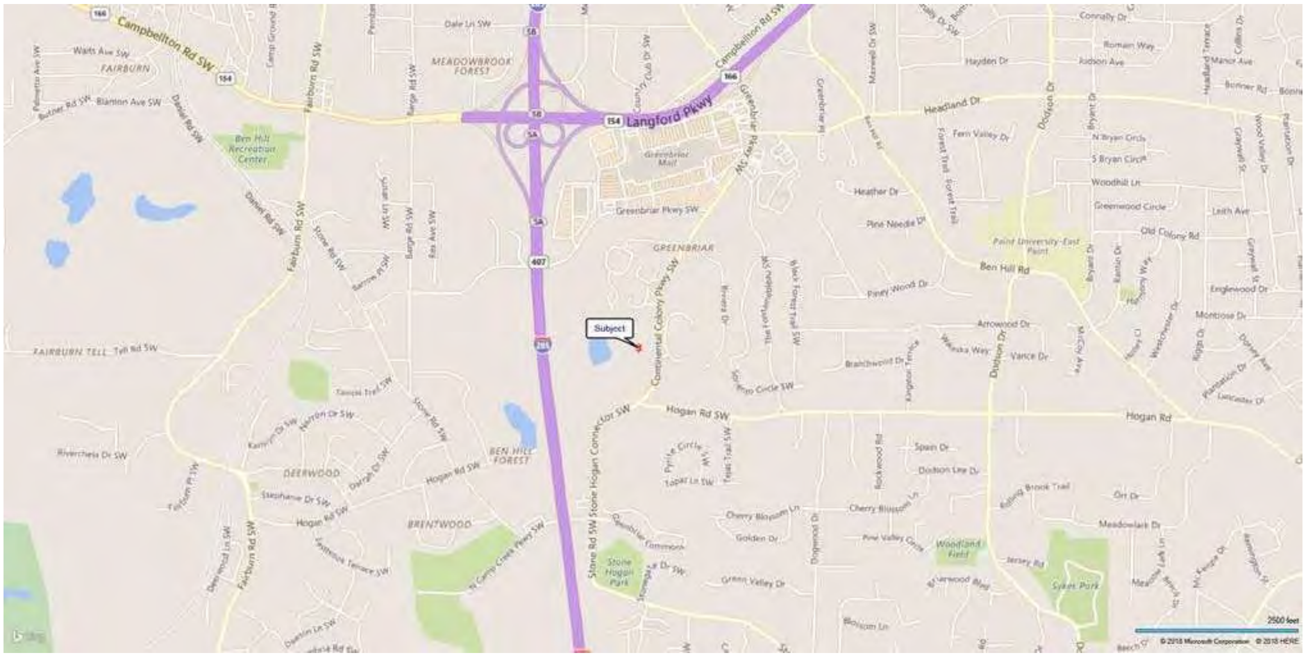

Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession
*First Quarter 2020

## Conclusion

The State of Georgia and the Atlanta CBSA are confronting the effects of COVID-19, focusing on growth opportunities within expanding industries to help ensure the state and region remain well-positioned to the weather the economic impacts. Amid the longest economic expansion in U.S. history, the Atlanta economy was among the healthiest in the nation; however, the region was exhibiting some moderation. Job gains were slowing, and net in-migration is falling short of cycle highs. Nevertheless, while the nation endures the current economic disruption, the region still has bright prospects for growth. Local economists project that the region will continue to gain jobs, as companies expand and add to their headcount. High profile corporate relocations and expansions are the main source of growth, allowing for a more resilient and diverse economy. Viewed as the hub of the Southeast, Atlanta draws attention from national and international investors. Atlanta's ability to lure companies remains strong, as the metro area remains a top contender for noteworthy projects. Over the past few years, many major employers moved to, or expanded in the metro area bringing along tens of thousands of new jobs. The well-educated workforce, diverse industrial structure, strong population growth, tremendous logistics improvements, and tax and other business incentives helps to maintain the region's premier status.

# Local Area Analysis

**LOCAL AREA MAP**



## Location Overview

The property is located in the City of Atlanta near the intersection of Hogan Road SW and Continental Colony Parkway SW, east of Interstate 285 exit 5A. Generally, the boundaries of the immediate area are Interstate 285 to the west, Highway 154 to the north, Benn Hill Road to east, and Stone Road to the south. Downtown Atlanta is located 10 miles northeast and the Hartsfield-Jackson Airport is located six miles southeast of the subject property.

## Neighborhood Analysis

### Nearby and Adjacent Uses

The subject property is located approximately 10 radial miles southwest of Atlanta's Central Business District. A demographic profile of the local area for a one, three, and five mile radius around the subject is presented at the end of this section. Surrounding areas have experienced stable or slight population losses over the past two decades. The subject's area consists of land along the Camp Creek Parkway corridor, between I-285 and I-85 near the Airport. Camp Creek Parkway is an easterly/westerly collector artery through the subject area. It runs westerly from Atlanta's Hartsfield-Jackson International Airport, past the subject property, across I-285 and northwesterly to the Atlanta Gateway Industrial Park. I-285 has a full interchange with Camp Creek Parkway, approximately one and a half-miles west of the subject property. I-285 runs northerly/southerly through the subject area and intersects with I-85 approximately two miles south of Camp Creek Parkway. The intersection of Camp Creek Parkway and I-85, approximately 1.5 miles east of the subject property is located at the primary entrance to Atlanta Airport. Several satellite parking facilities are located along Camp Creek Parkway between I-85 and I-285.

Other clusters of development along Camp Creek Parkway include several garden apartment complexes and drive-in commercial services near I-285. To the north and south of Camp Creek Parkway in College Park and East Point, are single and multi-family residential neighborhoods where homes and apartment complexes are typically over 25 years old. Housing in the surrounding area caters to the lower-middle income groups.

There are a number of shopping centers and retail developments in the area. Greenbriar Mall, an 870,390 square foot regional mall, is located approximately four miles northwest of the subject. It is anchored by Burlington Coat Factory and Macy's. The mall is owned by KDI Atlanta Mall, LLC and is leased by O'Leary Partners.

Camp Creek Marketplace, a power center with approximately 581,697 square feet anchored by Target, Lowes, and BJ's, among others, is located approximately three miles west of the subject. This power center provides the area residents, as well as those passing through the area, with an assortment of shops and restaurants. The center is leased by Retail Planning Corporation.

Camp Creek Marketplace II, a 195,862 square foot community center is located adjacent to Camp Creek Marketplace. This shopping center is anchored by American Signature Furniture, L.A. Fitness and DSW. The center is owned and leased by Weingarten Realty.

Greenbriar Market Place is a 238,045 square foot neighborhood center located roughly four miles north of the subject. The center is anchored by Aaron's, D&K Suit City and Family Dollar. It is leased by First Guaranty Realty Corporation.

Greenbriar Crossing, a 218,836 square foot neighborhood center anchored by Kroger and CVS, is located four miles north of the subject. The center is leased by Wheeler/Brand Management Company.

There are an estimated 64 hotels and motels within a five mile radius of the subject. Many of these provide shuttle service to and from the airport. Of the top 15 worldwide hotel brands, according to MKG Hospitality's rankings, thirteen are represented in the area. Some of these include Holiday Inn Express, Best Western, Marriott Hotels & Resorts, Comfort Inn & Comfort Suites, Hilton Hotels & Resorts and Sheraton among others. The two hotels that

are the closest to the subject are located at the Gateway Center. These are the Atlanta Airport Marriott Gateway, and SpringHill Suites Atlanta Airport Gateway, with 403 rooms and 147 rooms respectively. Both are LEED-certified and are directly connected to the airport by the ATL SkyTrain.

The 400,000 square foot Georgia International Convention Center, which opened in 1985, is located approximately one mile southeast of the subject. The GICC has 150,000 square feet of exhibition space, and 16,000 square feet of meeting space along with other amenities.

## Land Use Changes

We did not observe any land use changes that would adversely affect the subject.

## Public Utilities and Services

All necessary utilities, including water and sewer, are available to the market area. These utilities are provided at a quality and cost considered consistent with nearby competing areas. The local area is also adequately served by public/private schools, and police and fire protection

### Special Hazards or Adverse Influences

No detrimental influences were observed in the local market area.:

## Access

Transportation has been one of the key factors in Atlanta's evolution as a global business center. Its strategic location in the geographic center of the Southeast and at the intersection of major interstate highways, rail lines, and air routes makes Atlanta an attractive locale for corporate headquarters, regional offices, warehouse/distribution facilities, and manufacturing facilities, as well as conventions and trade shows.

Hartsfield-Jackson Atlanta International Airport, consistently ranked as the world's busiest airport based on passenger embarkments, provides daily direct flights to business centers around the globe, and puts Atlanta within a two-hour flight of 80 percent of the nation's population.

The Metropolitan Atlanta Rapid Transit Authority (MARTA) rail system, established in the late 1970s, connects both Atlanta's central business district (CBD) and the airport to suburban office nodes and residential neighborhoods throughout the metropolitan area.

Atlanta's infamous suburban sprawl and congestion has forced residents, as well as civic and business leaders alike, to tackle regional transportation issues head on. The area's congestion has created persistent air quality problems for the region and has also influenced residential and commercial development patterns. In the past few years, there has been increased demand for "close-in" housing as more suburban residents relocate closer to the region's central core to escape traffic congestion and long commute times. Also, several corporate giants, such as State Farm and NCR have consolidated operations and relocated employees from sprawling suburban campuses to more densely developed locations near MARTA rail lines and other major transportation nodes.

## Hartsfield-Jackson Atlanta International Airport

The airport facility encompasses a site area of approximately 4,700 acres. It ranks first in the world in terms of number of passengers enplaned and deplaned each year, and has every year since 1998. Seventeen passenger airlines have gates at Hartsfield Atlanta and fourteen freight airlines operate from Atlanta. The terminal complex covers 130 acres and includes domestic and international terminal buildings that house 207 gates. Forty of these

gates are located in the Maynard H. Jackson International Terminal, which opened in May 2012. In addition, there are 263 concession outlets including 114 food and beverage as well as 90 retail and convenience outlets throughout the concourses. The airport supports 58,000 employees including the airlines, concessionaires, FAA, City of Atlanta, and all airport tenants. It is a major economic generator estimated to have a total annual regional economic impact of $32.5 billion.

## Demographics

Using these observations, we analyzed a primary demographic profile for the subject based on a radius of approximately three miles from the property. To add perspective to this analysis, we segregated our survey into one, three, and five mile concentric circles with a comparison to the CBSA, state, and the United States. This data is presented on the below.

| DEMOGRAPHIC SUMMARY | 1.0-Mile Radius | 3.0-Mile Radius | 5.0-Mile Radius | Atlanta CBSA | State of Georgia | United States |
|---|---|---|---|---|---|---|
| **POPULATION STATISTICS** | | | | | | |
| 2000 | 5,671 | 64,968 | 140,912 | 4,263,468 | 8,186,388 | 281,422,025 |
| 2020 | 8,216 | 72,376 | 153,261 | 5,991,411 | 10,631,467 | 330,567,734 |
| 2025 | 8,286 | 74,407 | 156,866 | 6,279,177 | 11,055,802 | 342,184,043 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2020 | 1.87% | 0.54% | 0.42% | 1.72% | 1.32% | 0.81% |
| 2020 - 2025 | 0.17% | 0.56% | 0.47% | 0.94% | 0.79% | 0.69% |
| **HOUSEHOLD STATISTICS** | | | | | | |
| 2000 | 2,315 | 24,905 | 53,125 | 1,559,715 | 3,006,316 | 105,480,443 |
| 2020 | 3,873 | 29,824 | 61,672 | 2,218,347 | 3,951,796 | 125,797,822 |
| 2025 | 4,001 | 31,145 | 64,000 | 2,341,451 | 4,136,784 | 130,946,646 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2020 | 2.61% | 0.91% | 0.75% | 1.78% | 1.38% | 0.88% |
| 2020 - 2025 | 0.65% | 0.87% | 0.74% | 1.09% | 0.92% | 0.81% |
| **AVERAGE HOUSEHOLD INCOME** | | | | | | |
| 2000 | $41,753 | $42,986 | $43,700 | $66,852 | $56,637 | $56,675 |
| 2020 | $56,135 | $61,989 | $63,992 | $97,791 | $84,309 | $90,941 |
| 2025 | $68,751 | $76,611 | $79,252 | $110,613 | $95,669 | $103,644 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2020 | 1.49% | 1.85% | 1.93% | 1.92% | 2.01% | 2.39% |
| 2020 - 2025 | 4.14% | 4.33% | 4.37% | 2.49% | 2.56% | 2.65% |
| **OCCUPANCY** | | | | | | |
| Owner Occupied | 33.80% | 37.79% | 43.88% | 63.29% | 63.15% | 63.76% |
| Renter Occupied | 66.20% | 62.21% | 56.12% | 36.71% | 36.85% | 36.24% |

SOURCE: © 2019 Experian Marketing Solutions, Inc. •All rights reserved

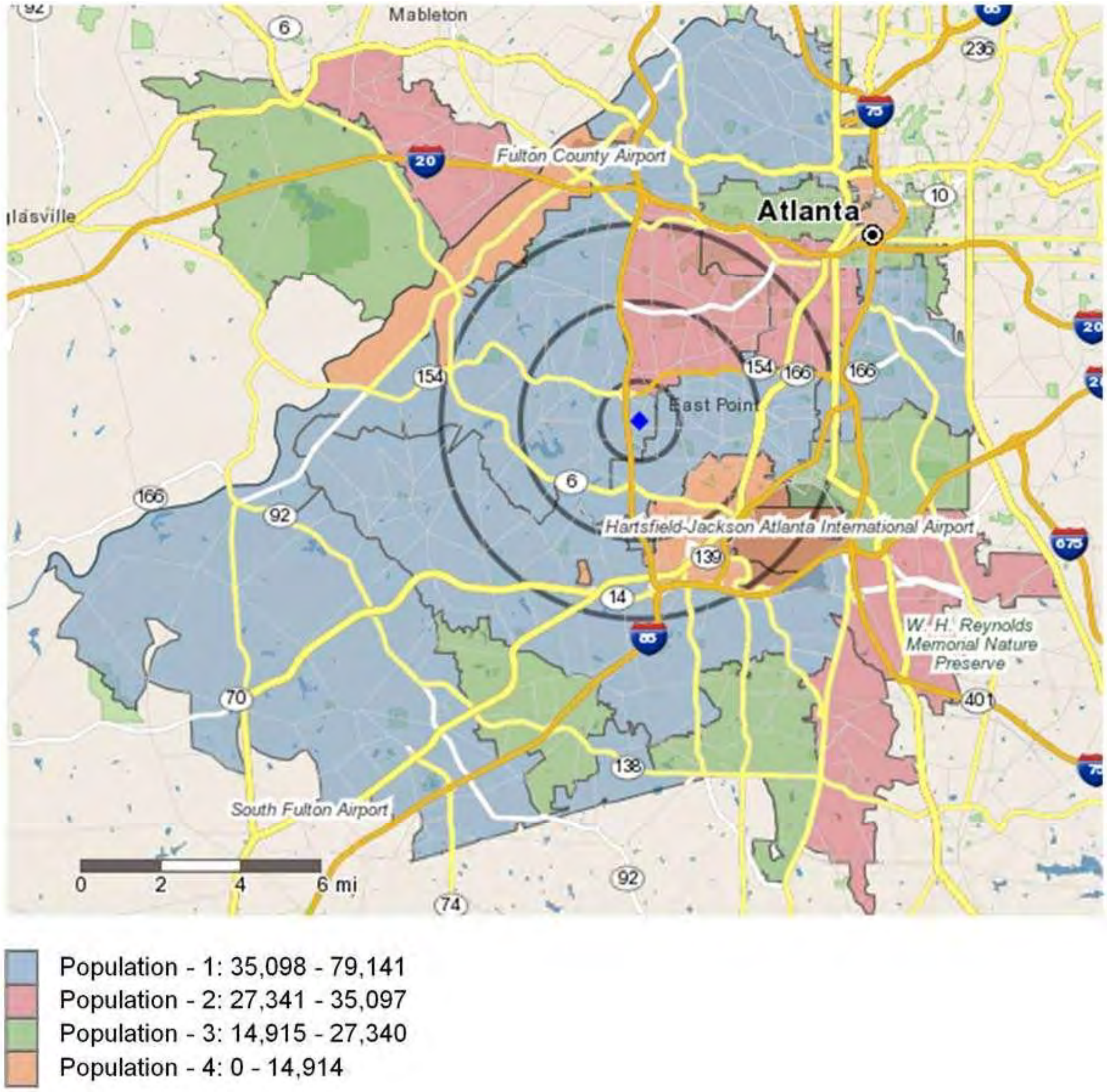
### Population

Having established the subject's trade area, our analysis focuses on the trade area's population. Experian Marketing Solutions, Inc., provides historical, current and forecasted population estimates for the total trade area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2020, Experian Marketing Solutions, Inc., reports that the population within the primary trade area (3.0-mile radius) increased at a compound annual rate of 0.54 percent. This is characteristic of suburban areas in this market. This trend is expected to continue into the near future albeit at a slightly slower pace. Expanding to the total trade area (5.0-mile radius), population is expected to increase 0.47 percent per annum over the next five years.

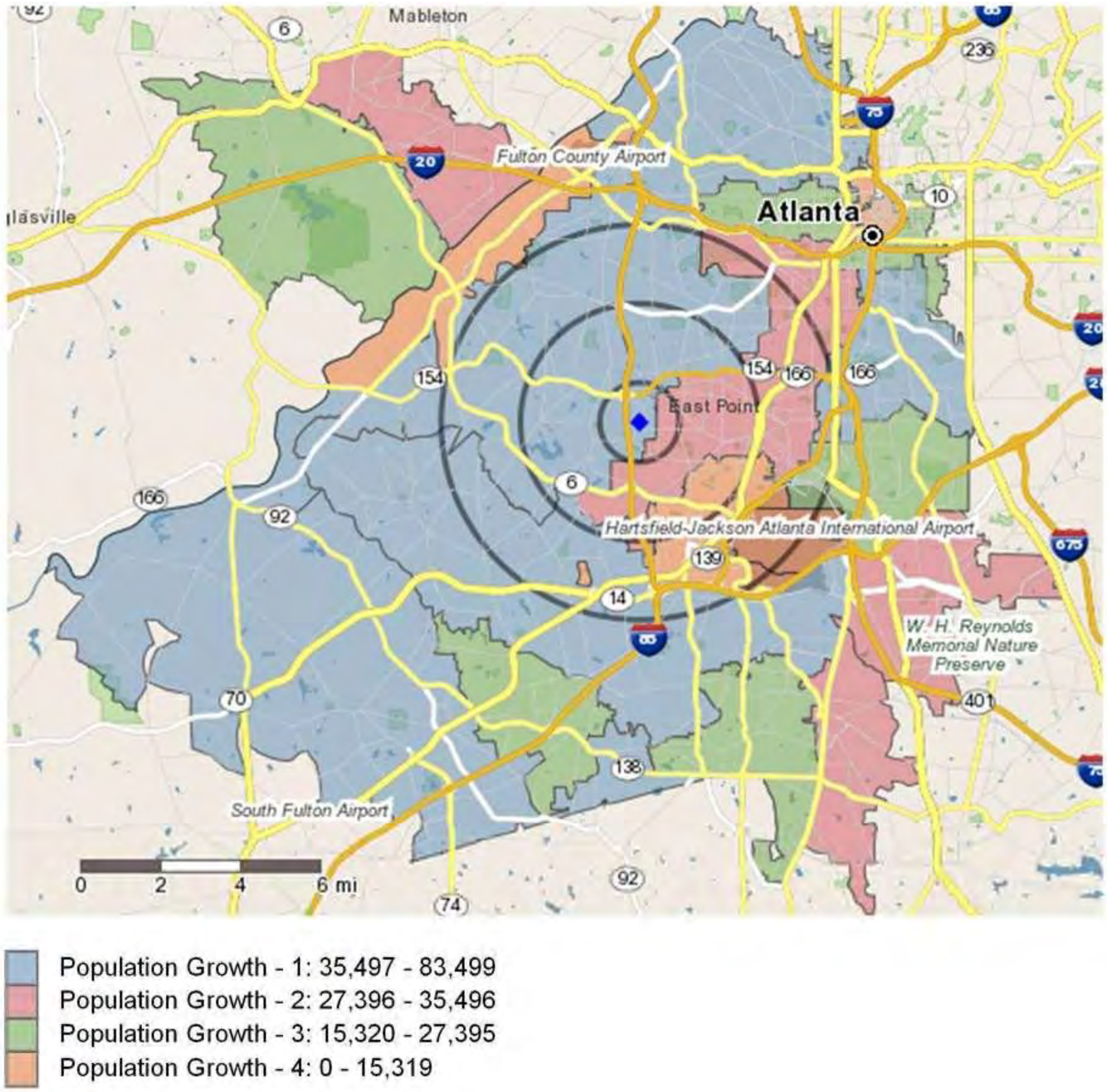
The following page contains a graphic representation of the current population distribution within the subject's region.

**CURRENT POPULATION MAP**




The following graphic illustrates projected population growth within the trade area over the next five years (2020 - 2025). The trade area is clearly characterized by various levels of growth.

**POPULATION GROWTH MAP**




## Households

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the retail center.

Figures provided by Experian Marketing Solutions, Inc., indicate that the number of households are increasing at a faster rate than the growth of the population. Several changes in the way households are being formed have caused this acceleration, specifically:

- The population is living longer on average. This results in an increase of single-and two-person households;
- Higher divorce rates have resulted in an increase in single-person households; and

- Many individuals have postponed marriage, also resulting in more single-person households.

According to Experian Marketing Solutions, Inc., the Primary Trade Area grew at a compound annual rate of 0.91 percent between 2000 and 2020. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to continue through 2025, and is estimated at 0.87 percent.

Correspondingly, a greater number of smaller households with fewer children generally indicates more disposable income. In 2000, there were 2.59 persons per household in the Primary Trade Area and by 2020, this number is estimated to have decreased to 2.42 persons. Through 2025, the average number of persons per household is forecasted to decline to 2.38 persons.

### Trade Area Income

Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the trade area and form an important component of this total analysis. Average household income, when combined with the number of households, is a major determinant of an area's retail sales potential.

Trade area income figures for the subject support the profile of a broad middle-income market. According to Experian Marketing Solutions, Inc., average household income in the primary trade area in 2020 was approximately $61,989, 63.39 percent of the CBSA average ($97,791) and 73.53 percent of the state average ($84,309).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower income brackets similar to the distribution within the larger CBSA. This information is summarized as follows:

**DISTRIBUTION OF HOUSEHOLD INCOME**

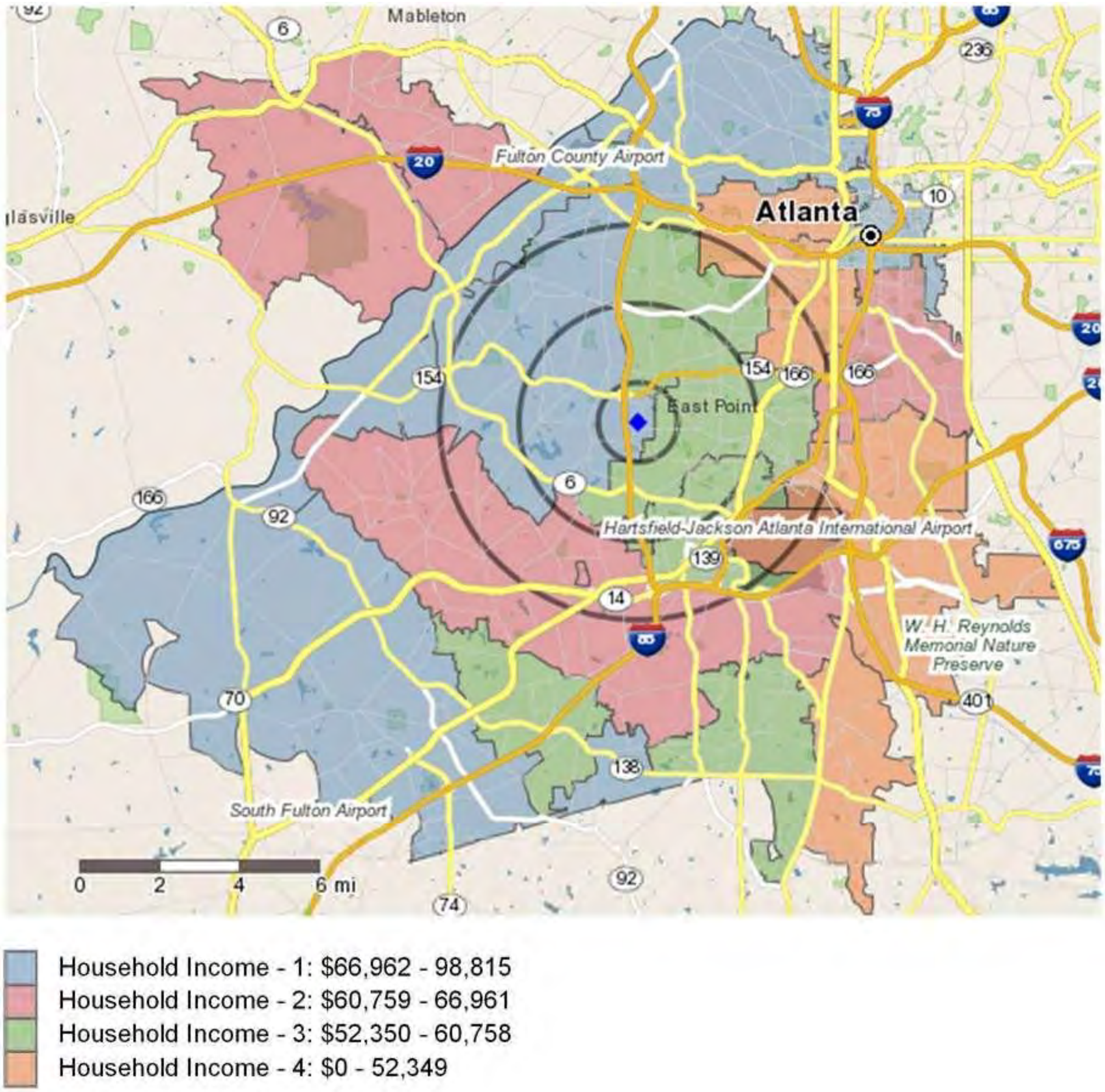
| Category | 1.0-Mile Radius | 3.0-Mile Radius | 5.0-Mile Radius | Atlanta CBSA | State of Georgia | United States |
|---|---|---|---|---|---|---|
| $150,000 or more | 4.49% | 5.70% | 6.28% | 15.10% | 11.46% | 13.39% |
| $125,000 to $149,999 | 2.61% | 3.10% | 3.54% | 6.27% | 5.25% | 5.86% |
| $100,000 to $124,999 | 6.17% | 6.71% | 7.07% | 10.08% | 8.86% | 9.47% |
| $75,000 to $99,999 | 9.61% | 10.17% | 10.59% | 13.78% | 12.90% | 13.18% |
| $50,000 to $74,999 | 18.57% | 18.62% | 17.64% | 17.88% | 18.16% | 17.73% |
| $35,000 to $49,999 | 13.22% | 13.69% | 13.68% | 12.00% | 12.86% | 12.09% |
| $25,000 to $34,999 | 13.25% | 12.76% | 11.99% | 8.26% | 9.34% | 8.74% |
| $15,000 to $24,999 | 14.93% | 12.60% | 12.37% | 7.90% | 9.60% | 8.98% |
| Under $15,000 | 17.15% | 16.63% | 16.84% | 8.73% | 11.59% | 10.57% |

SOURCE: © 2019 Experian Marketing Solutions, Inc. •All rights reserved

The previous chart makes it clear that the distribution of higher income level households increases as distance from the subject increases.

The following is a graphic presentation of the household income distribution throughout the trade area that clearly shows the area surrounding the subject to be characterized by lower to middle income households. Higher income areas are located in surrounding suburban communities.

**HOUSEHOLD INCOME MAP**




## Retail Sales

Perhaps an even more important measure of area income is the amount spent on retail purchases. At the end of last year, the Atlanta CBSA had an aggregate retail sales level of $148.60 billion, with average retail sales per household of $66,987, while the U.S. was $65,263.

| CONSUMER EXPENDITURES IN 000s | | | |
|---|---|---|---|
| Area | 2020 | 2025 | CAGR 2020-25 |
| 1.0-Mile Radius | $191,585 | $237,937 | 4.4% |
| 3.0-Mile Radius | $1,528,069 | $1,913,027 | 4.6% |
| 5.0-Mile Radius | $3,226,812 | $4,013,248 | 4.5% |
| Atlanta CBSA | $148,600,868 | $179,224,614 | 3.8% |
| State of Georgia | $244,593,285 | $294,955,359 | 3.8% |
| United States | $8,209,912,519 | $9,862,774,478 | 3.7% |

Experian Marketing Solutions, Inc., projects retail sales in the CBSA will grow at a pace above that of both the State and nation.

## Local Area Analysis Conclusion

Overall, the local area is in the stable stage and benefits from its proximity to Hartsfield-Jackson Atlanta International Airport, employment centers, and easy access to major freeways. Given these factors, the outlook for the subject and the local area is good over the long term.

The subject neighborhood, as well as other areas of the community (as discussed in the Area Analysis), has enjoyed the benefit of moderate growth over the prior five to ten-year period. Over the next one to three years, we anticipate general stability including continued redevelopment and gentrification and continued moderate economic growth in the region. Based on the preceding analysis, the short- and long-term outlook for the subject's neighborhood is for continued moderate improvement.

## Film Industry in Georgia

The film industry in Georgia became the largest among U.S. states for production of feature films in 2016, overtaking the state of California. The industry in Georgia was boosted substantially by tax incentives introduced in 2002 and strengthened in 2008. Just in the fiscal year 2017 film and TV production had an economic impact in Georgia of $9.5 billion, while industry sources claim that the tax subsidy costs the state $141 million (2010). Atlanta is the center of the film industry in Georgia with Turner, Tyler Perry and EUE/Screen Gems studios located there.

The state's first tax incentive, a point of purchase sales and use tax exemption, was introduced in 2002. The state's second and most progressive tax incentive, the Georgia Entertainment Industry Investment Act, was signed into law in May 2005 and updated in May 2008. The act granted qualified productions a transferable income tax credit of 20% of all in-state costs for film and television investments of $500,000 or more. An additional 10% tax credit was awarded to approve projects that embed a Georgia Entertainment Promotional logo within the titles or credits of each production. This vanity card, usually seen in closing credits, is rendered as an image of the Georgia Department of Economic Development's peach logo, a link to the GDEC's filming-specific tourism website, and a male voice saying or a woman singing "Made in Georgia".

In 2005 Georgia spent $10.3 million on its film incentive. That amount increased to $140.6 million by 2010. By the fiscal year 2015, the amount spent by Georgia in issued tax credits for the year was just over $504 million.

The Georgia Film, Music & Digital Entertainment Office states that more than 700 feature films, TV movies, TV series, single episodes, and pilots have been produced in Georgia since 1972. In fiscal year 2017 film and tv production had an economic impact in Georgia of $9.5 billion.

According to the Georgia Department of Economic Development:

- There are more than 5,000 individual technicians and other workers in Georgia
- The average number of local employees on a medium budget feature film is about 150-175
- On a larger budget production, there are about 200-250 local employees
- The average feature film budget is $41.7 million
- The average amount (below-the-line) of feature film budget spent in a state is 60% - 70%. This is higher for locally produced projects.

## Georgia Tax Incentives Summary

The Georgia Entertainment Industry Investment Act grants an income tax credit of 20% to qualified productions which include feature films, television movies or series, documentaries, commercials and music videos. Most projects are also eligible to receive an additional 10% Georgia Entertainment Promotion (GEP) tax credit for including an embedded Georgia Entertainment Promotion Logo in the end credits of the finished product and include a link to http://www.ExploreGeorgia.org/Film on their promotional website.

The Georgia Entertainment Industry Investment Act (GEIIA) offers an across-the-board flat tax credit of 20 percent to certified projects, based on a minimum investment of $500,000 over a single tax year on qualified expenditures in Georgia.

An additional 10 percent uplift can be earned by including an embedded animated or static Georgia promotional logo provided by the Georgia Film Office within certain approved projects and include a link to http://www.ExploreGeorgia.org/Film on the project's promotional website.

Qualified expenditures include materials, services and labor. The credit applies equally for Georgia residents and non-residents. There is a salary cap of $500,000 per person, per production, when the employee is paid by "salary," which is defined as being properly paid by W2. If the production company pays an individual for services as a loanout, as a personal services contract, or a 1099 individual meets the criteria for a loanout, then 6% Georgia income tax must be withheld and remitted by the production company.

Eligible productions include: feature films; television films, pilots or series; televised specials; televised commercials; and music videos that are distributed outside of Georgia. Sound recordings used in qualified feature films, television movies or specials and television series including motion picture soundtracks produced in Georgia are qualified expenditures, but license fees cannot be included.

The $500,000 annual minimum expenditure threshold can be met with one project or the total of multiple projects aggregated by a single production company in a single tax year.

The income tax credit may be used against Georgia income tax liability or the production company's Georgia withholding. If the production company chooses, they can sell or transfer the tax credit to one or more Georgia taxpayers through a one-time only transaction.

For further detail on the users of the various facilities within the state of Georgia, we have included a list of production companies that have or currently utilized sound stage space within the market:

| Major Production Companies | |
|---|---|
| AMC | OWN |
| Animal Planet | Oxygen |
| BET | Paramount Picture |
| Bounce TV | Pureflix |
| Bravo | Skydance TV |
| BYUTV | Sony Pictures |
| Color Force | Starz |
| Comedy Central | STX |
| DC Universre | Syndicated |
| Facebook Watch | TLC |
| Food Network | University Pictures |
| FOX | VH1 |
| Home Box Office (HBO) | Walt Disney Studios |
| NBC | Warner Bros |
| Netflix | |

The top grossing movies shot in Georgia since 2008 is summarized below:

**Top Grossing Movies Shot in Georgia Since 2008**

| | |
|---|---|
| 1 “Avengers: Endgame” $858,373,000 | 43 “Divergent: Allegiant”: $66,184,051 |
| 2 “Black Panther” $700,059,566 | 44 “Tyler Perry’s Madea’s Witness Protection” $65,653,242 |
| 3 “Avengers: Infinity War” $678,587,869 | 45 “Last Vegas” $64,914,167 |
| 4 “The Hunger Games: Catching Fire” $424,668,047 | 46 “The Boss” $63,285,885 |
| 5 “Captain America: Civil War” $408,084,349 | 47 “Instant Family” $63,058,833 |
| 6 “Jumanji: Welcome to the Jungle” $404,515,480 | 48 “Prisoners $61,002,302 |
| 7 “Furious 7” $353,007,020 | 49 “Blockers” $60,147,900 |
| 8 “The Hunger Games: Mockingjay – Part 1” $337,135,885 | 50 “Tyler Perry’s Why Did I Get Married Too?” $60,095,852 |
| 9 “Spider-Man: Homecoming” $334,201,140 | 51 “Vacation” (2015) $58,884,188 |
| 10 “Thor: Ragnarok” $315,058,289 | 52 “Baywatch” $58,060,186 |
| 11 “The Hunger Games: Mockingjay – Part 2” $281,723,902 | 53 “American Reunion” $57,011,521 |
| 12 “The Blind Side” $255,959,475 | 54 “Neighbors 2: Sorority Rising” $55,455,765 |
| 13 “The Fate of the Furious” $226,008,385 | 55 “Office Christmas Party” $54,767,494 |
| 14 “Ant-Man and the Wasp” $216,644,740 | 56 “Tag” $54,210,515 |
| 15 “Fast Five” $209,837,675 | 57 “Tyler Perry’s Madea’s Big Happy Family” $53,345,287 |
| 16 “Ant Man” $180,202,163 | 58 “Life of the Party” $52,856,061 |
| 17 “X-Men: First Class” $146,408,305 | 59 “Tyler Perry’s A Madea Christmas” $52,543,354 |
| 18 “Ride Along” $134,938,200 | 60 “Selma’ $52,076,908 |
| 19 “Identity Thief” 134,506,920 | 61 “Footloose” $51,802,724 |
| 20 “Divergent: Insurgent” $130,179,072 | 62 “Tyler Perry’s I Can Do Bad All By Myself” $51,733,921 |
| 21 “Sully” $125,070,033 | 63 “Tyler Perry’s Temptation: Confessions of a Marriage Counselor” $51,975,354 |
| 22 “Anchorman 2: The Legend Continues” 127,352,707 | 64 “American Made” $51,342,000 |
| 23 “Baby Driver” $107,825,862 | 65 “Life of the Party” $47,410,160 |
| 24 “Pitch Perfect 3” $104,897,530 | 66 “Tyler Perry’s Boo 2! A Madea Halloween” $47,319,572 |
| 25 “Passengers” $100,014,699 | 67 “Goosebumps 2” $46,489,581 |
| 26 “Rampage” $99,345,950 | 68 “Blended” $46,294,610 |
| 27 “42” $95,020,213 | 69 “Hall Pass” $45,060,734 |
| 28 “Flight” $93,773,375 | 70 “Den of Thieves” $44,947,622 |
| 29 “Ride Along 2” $91,221,830 | 71 “All Eyez On Me” $44,922,302 |
| 30 “Tyler Perry’s Madea Goes to Jail” $90,508,336 | 72 “First Man” $44,878,665 |
| 31 “The Accountant” $86,260,045 | 73 “The Internship” $44,672,764 |
| 32 “Dumb and Dumber To” $86,208,010 | 74 “Three Stooges” $44,338,224 |
| 33 “Let’s Be Cops” $82,390,774 | 75 “Need for Speed” $43,577,636 |
| 34 “Goosebumps” $80,080,379 | 76 “Tyler Perry’s Acrimony” $43,537,768 |
| 35 “Parental Guidance” $77,267,296 | 77 “Uncle Drew” $42,469,946 |
| 36 “Night School” $76,885,785 | 78 "The Mule” $42,328,465 |
| 37 "Zombieland" $75,590,286 | 79 "What To Expect When You're Expecting" $41,152,203 |
| 38 “Boo! A Madea Halloween” $73,206,343 | 80 “Love, Simon” $40,826,341 |
| 39 “A Bad Moms Christmas” $72,110,659 | 81 “The Crazies” $39,123,589 |
| 40 “Game Night” $69,001,013 | 82 “The 15:17 to Paris” $36,250,957 |
| 41 “The House With the Clock in Its Walls” $68,382,265 | 83 “Mile 22,” $36,108,758 |
| 42 “Magic Mike XXL” grossed $66,013,057 | 84 “Dirty Grandpa” $35,593,113 |

*Sources: Atlanta Journal Constitution; Know Atlanta; Georgia Trend Magazine; Georgia Department of Economic Development*

# Qualified Opportunity Zone

The subject property is located within a newly created Federal Qualified Opportunity Zone. We have briefly outlined what this means and the benefits to the recent status.

The Tax Cuts and Jobs Act (TCJA) created a new program that incentivizes investment in economically distressed areas of the country. The program enables any investor—foreign and domestic, retail and institutional—to defer and ultimately to reduce capital gains taxes on any asset by reinvesting the gain in underfunded communities. The program is widely viewed as favoring commercial real estate (CRE) investments where eligible investments include ground-up development and asset renovations under some conditions.

## How it Works

The program allows for any capital gains realized after December 22, 2017 to be deferred provided those gains are invested in one or more "qualified opportunity funds" (QOF) within 180 days. QOFs are required to have at least 90% of its capital invested in qualifying investments in designated "opportunity zones." (See additional discussion below in this report.)

After reaching certain holding period hurdles—at five and seven years—the basis for the original capital gain is adjusted upward, thereby not only deferring but also reducing tax liability by up to 15%. The balance of the deferred gain, unless the investment is disposed of earlier, will be recognized in 2026. Finally, if the opportunity zone investment is held for at least 10 years, there is no capital gains tax on the opportunity zone investment itself.

## Requirements

The critical requirement of this program is that 90% of QOF assets must be invested in designated opportunity zones. Opportunity zone funds can either hold qualifying real estate directly or in equity investments in qualifying businesses. To qualify, a business must:

- Derive at least 50% of its gross income from an active trade or business located in one opportunity zone
- Have at least 70% of its tangible assets be qualifying opportunity zone property
- Have been established after December 31, 2017

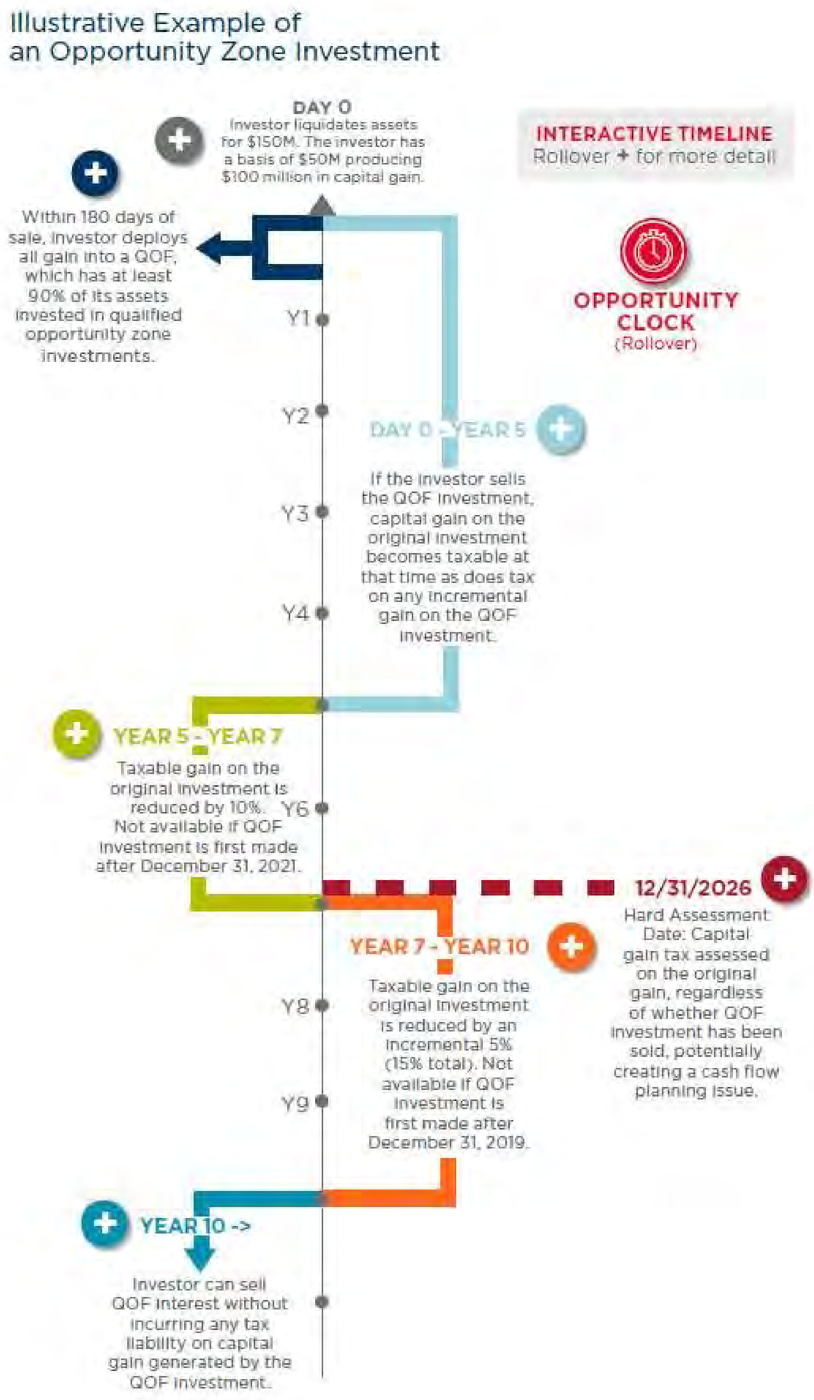
This means that a QOF would only need to have 63% of its real estate holdings located in an opportunity zone as long as 50% of the gross income from the business—such as one that engages in real estate development and leasing—is derived from activity in the opportunity zone.

In addition, the property investment needs to meet one of two tests: (1) real estate needs either to be put to "original use" with the QOF, or (2) the fund needs to "substantially improve" the property. "Original use" means that the building was put into service for the first time at commencement of the QOF investment. "Substantially improve" means that the QOF needs to more than double its basis in the property within 30 months of acquisition. These requirements apply only to the building and not to the land on which it sits.

Real estate investments likely to qualify are development and capital intensive repositioning projects. Newly constructed property acquired prior to being placed in service may also qualify and is likely the main path through which cash-flow-oriented investors could participate in the program. One such example is a building built for and net leased to a single user prior to lease commencement. The U.S. Treasury guidelines also raised the question of whether an investment in existing property could qualify as "original use" if it had been unused or vacant for some extended period and requested the business community suggest readings of the statute consistent with expanding

the reading of "original use" in this way. The subtext is that the U.S Treasury is seeking to maximize the utilization of this program by investors and there could be further upside surprises as guidance continues to develop.

An illustrative example of an Opportunity Zone Investment is presented below:



# Property Analysis

## Site Description

| GENERAL | |
|---|---|
| Location: | 2769 Continental Colony Pkwy SW<br>Atlanta, Fulton County, Georgia 30331<br>The subject property is located west of the intersection of Continental Colony Parkway SW and Hogan Road SW. |
| Shape: | Irregularly shaped |
| Topography: | Level at street grade |
| Primary Land Area: | 22.90 acres / 1,037,948 gross square feet |
| Excess Land Area: | None |
| Access, Visibility and Frontage: | The subject property has good access and good visibility. The frontage is rated as good. |
| Utilities: | All public utilities are available and deemed adequate. |
| Site Improvements: | Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage. |
| **SITE CONDITIONS** | |
| Soil Conditions: | We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate. |
| Land Use Restrictions: | We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist. |
| Wetlands: | We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field. |
| Hazardous Substances: | We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field. |
| Flood Zone Description: | The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 13121C0361F, dated September 18, 2013.<br>The flood zone determination and other related data are provided by a third party vendor deemed to be reliable. If further details are required, additional research is required that is beyond the scope of this analysis. |

## CONCLUSIONS

Overall Site Utility: The subject site is functional for its current use.

Location Rating: Good

## TAX MAP

## FLOOD MAP

## SURVEY


SITE LOCATION
LOCATION MAP
MATCHLINE
TYLER PERRY STUDIOS
EXISTING CONDITIONS PLAN
REVISIONS
GRAPHIC SCALE
11-110
C1.0

# Improvements Description

The following description of improvements is based on a physical inspection of the improvements in 2019 and our discussions with the subject property owner's representative.

| GENERAL DESCRIPTION | |
|---|---|
| Property Type: | Filmed Entertainment Studio |
| Year Built: | Various |
| Number of Buildings: | 20 |
| Number of Stories: | 1 to 2 |
| Land To Building Ratio: | 5.04 to 1 |
| Gross Building Area: | 205,751 square feet |
| Net Rentable Area: | 176,821 square feet |
| Clear Ceiling Height: | 32 feet |
| **CONSTRUCTION DETAIL** | |
| Basic Construction: | Steel and masonry |
| Foundation: | Reinforced concrete slab |
| Framing: | Concrete Tilt-Up |
| Floors: | Reinforced concrete |
| Exterior Walls: | Concrete Tilt-Up |
| Roof Type: | Flat with parapet walls |
| Roof Cover: | Built-up assemblies with tar and gravel cover |
| Windows: | Thermal windows in aluminum frames |
| Pedestrian Doors: | Glass and metal |
| **MECHANICAL DETAIL** | |
| Heat Source: | HVAC |
| Heating System: | Hot Water System |
| Cooling: | HVAC |
| Cooling Equipment: | The cooling equipment is located on mechanical floors in building |
| Plumbing: | The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. |
| Electrical Service: | The electrical system is assumed to be adequate for the existing use and in compliance with local law and building codes. |

| | |
|---|---|
| Electrical Metering: | The building has a master meter. |
| Security: | Exterior and interior monitors |
| **INTERIOR DETAIL** | |
| Floor Covering: | Carpet, hardwood, laminate, tile, and concrete |
| Walls: | Drywall |
| Ceilings: | Drywall, Acoustical tile, and Exposed |
| Lighting: | Fluorescent and Incandescent |
| Restrooms: | The property features adequate restrooms for men and women. |
| **OTHER IMPROVEMENTS** | |
| Parking: | The property contains approximately 479 surface parking spaces, reflecting an overall parking ratio of 2.71 spaces per 1,000 square feet of net rentable area. The parking spaces are asphalt-paved and striped, and adequately support the existing users. |
| On-Site Landscaping: | The site is landscaped with a variety of trees, shrubbery and grass. |
| Other: | Site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage. |
| Personal Property: | Personal property was excluded from our valuation. |
| **CAPITAL EXPENDITURES** | |
| Known Costs: | We are not aware of any planned capital expenditures that would have an impact on the subject property. |
| **ANALYSIS AND CONCLUSIONS** | |
| Condition: | Average |
| Quality: | Good |
| Effective Age: | Various (See Cost Approach) - The subject's improvements (both short and long-lived items) are of good quality and in average condition. Thus, the effective age is estimated to be below the actual age. |
| Expected Economic Life: | Various (See Cost Approach) - The Marshall Valuation Services publication was relied on to estimate life expectancy of the subject's improvements. |
| Remaining Economic Life: | Various (See Cost Approach) |
| Roof & Mechanical Inspections: | We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed. |

| | |
|---|---|
| Curable Physical Deterioration: | We have not been provided with a capital expenditure plan or an engineering report that would identify specific costs required to repair deficiencies at the subject property.<br>We are not aware of any apparent physical deterioration that would require immediate repair. |
| Functional Obsolescence: | There is no apparent functional obsolescence present at the subject property. |
| Summary: | After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace. |

## DETAILED BUILDING LISTING

| Office Buildings | |
|---|---|
| Building E1 | 55,450 |
| Building E2 | 21,040 |
| Building E3 | 17,917 |
| Building E4 | 13,781 |
| Basement (Total) | 18,037 |
| **Total** | **126,225** |

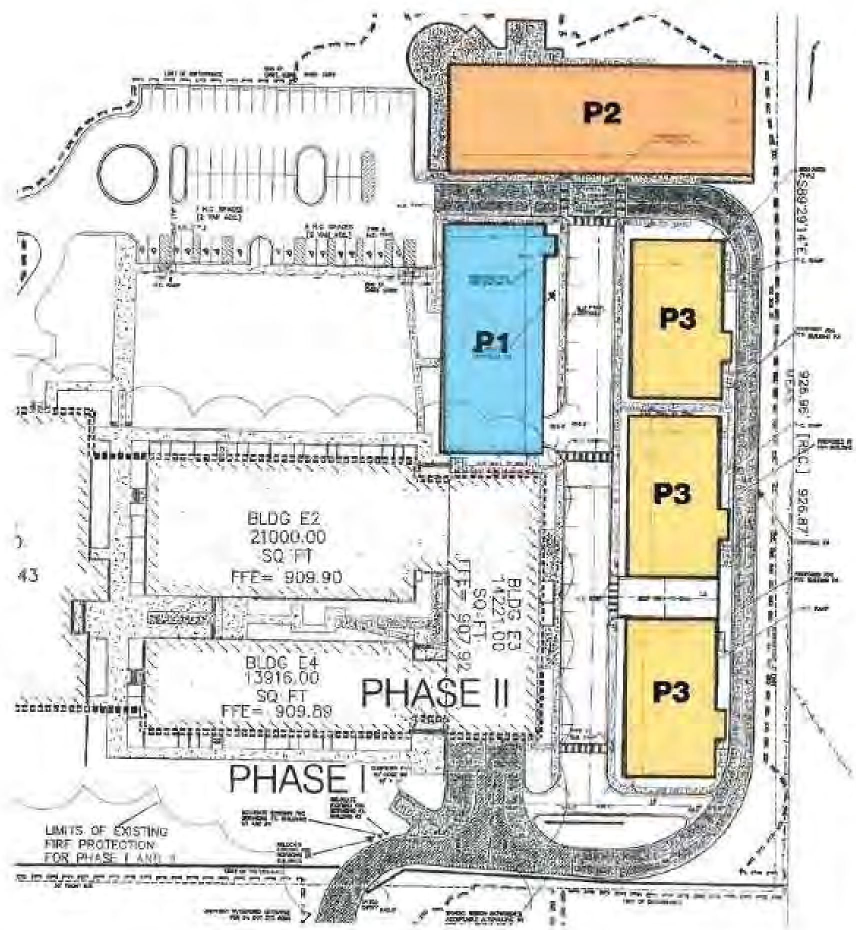
| Sound Stages | |
|---|---|
| Stage P1 | 11,907 |
| Stage P2 | 16,412 |
| Stage P3 | 7,426 |
| Stage P4 | 7,426 |
| Stage P5 | 7,426 |
| **Total** | **50,596** |

| Back Lot Houses | |
|---|---|
| BL House 1 | 2,500 |
| BL House 2 | 3,188 |
| BL House 3 | 4,860 |
| BL House 4 | 3,100 |
| BL House 5 | 2,500 |
| BL House 6 | 2,538 |
| BL House 7 | 2,538 |
| BL House 8 | 1,350 |
| BL House 9 | 1,350 |
| BL House 10 | 3,006 |
| BL House 11 | 2,000 |
| **Total** | **28,930** |

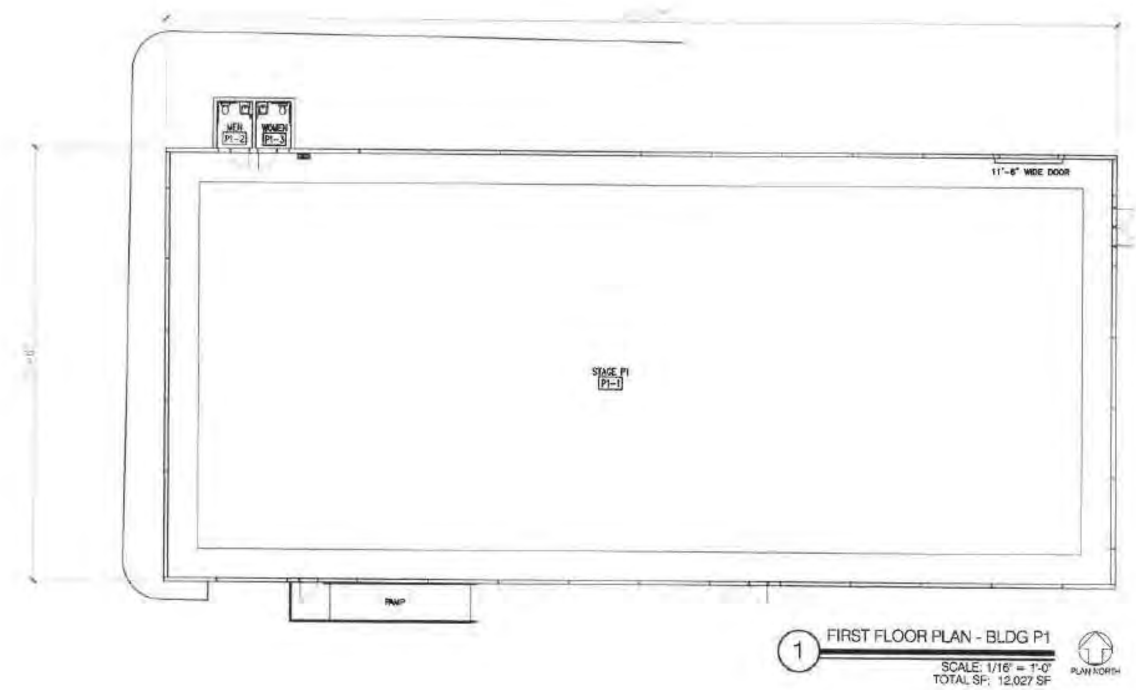
| | |
|---|---|
| Office/Sound Stage Total | 176,821 |
| BL Houses | 28,930 |
| **Grand Total** | **205,751** |

The net rentable area for the subject property was concluded at 176,821, excluding the back lot homes. The revenue for the backlot homes is included with the Other Revenue line item within the income capitalization approach.

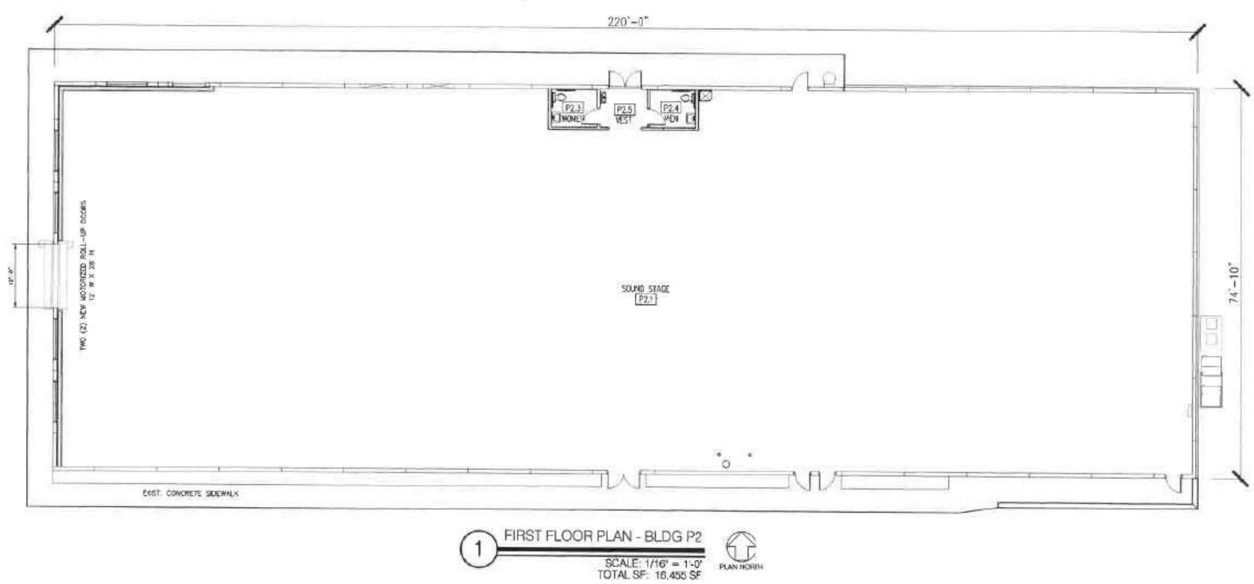
## SOUND STAGES



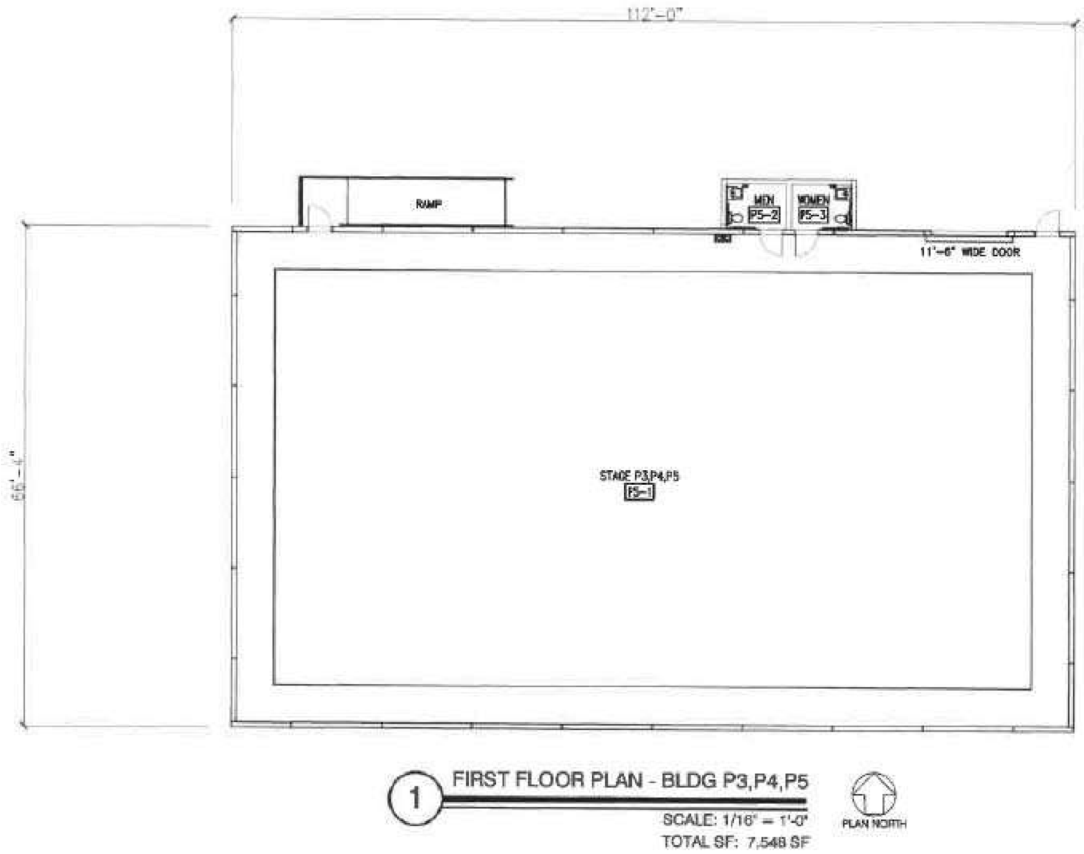
## SOUND STAGE – P1



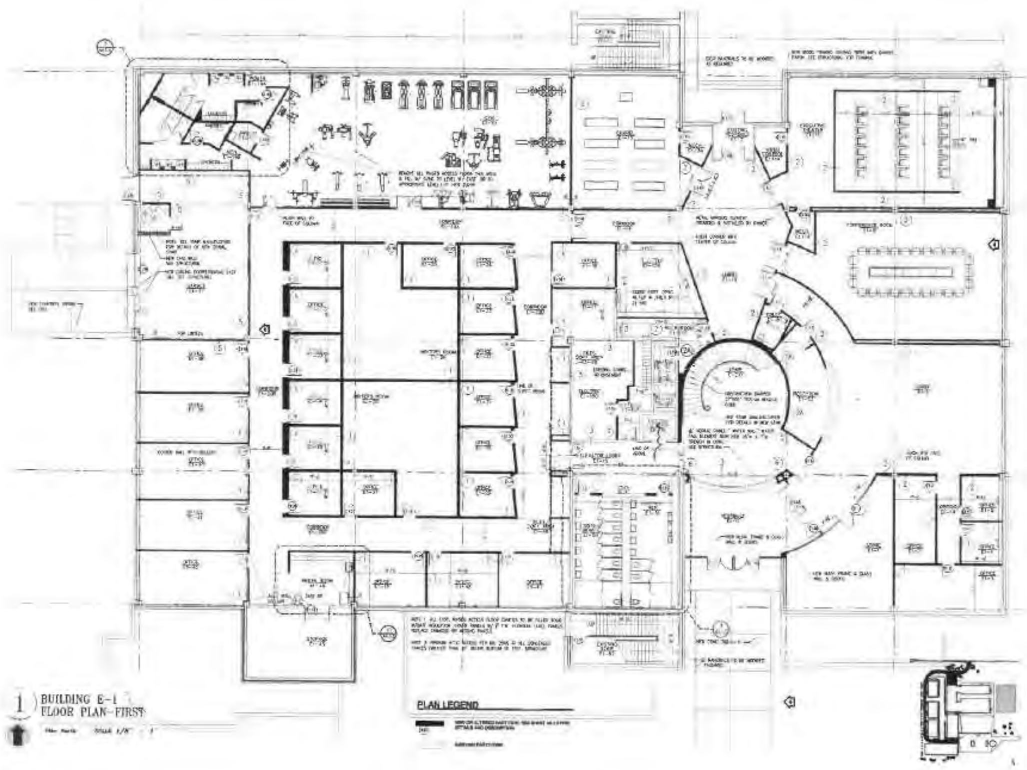

## SOUND STAGE – P2



## SOUND STAGE – P3, P4 & P5

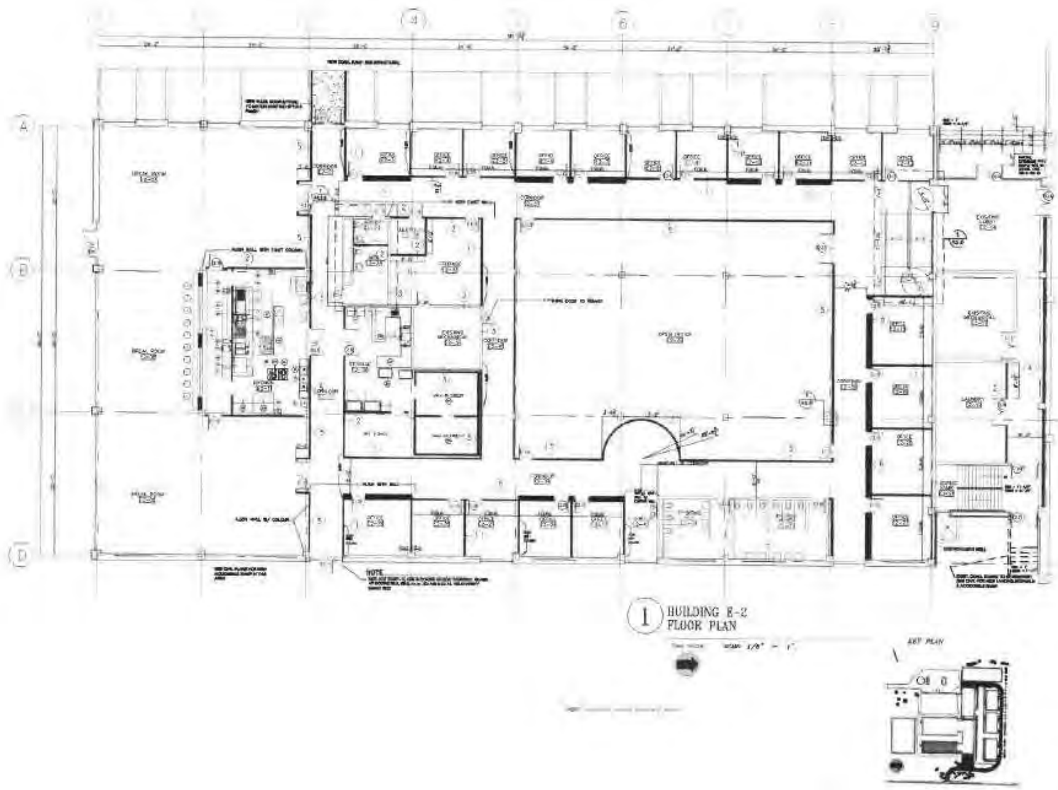


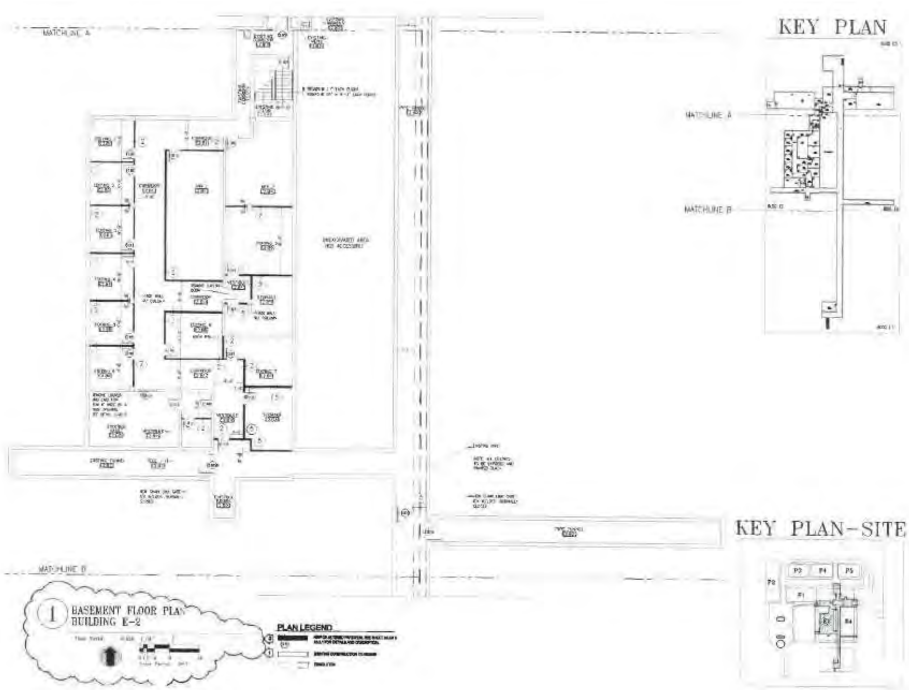
## BUILDING E1


BUILDING E-1
FLOOR PLAN-FIRST
PLAN LEGEND

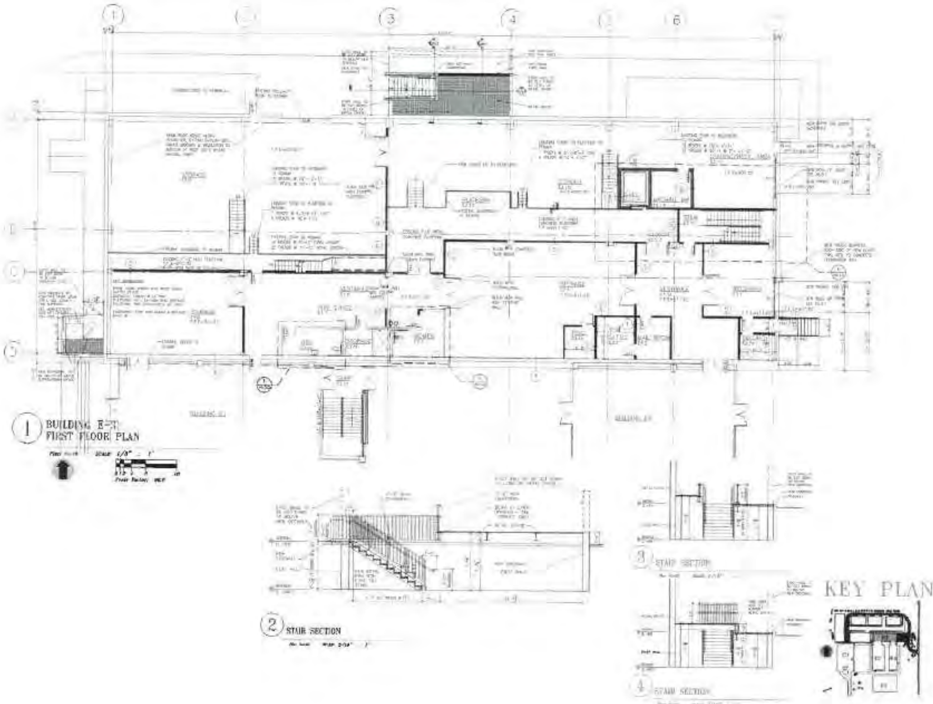

BUILDING E-1
SECOND FLOOR PLAN
PLAN LEGEND

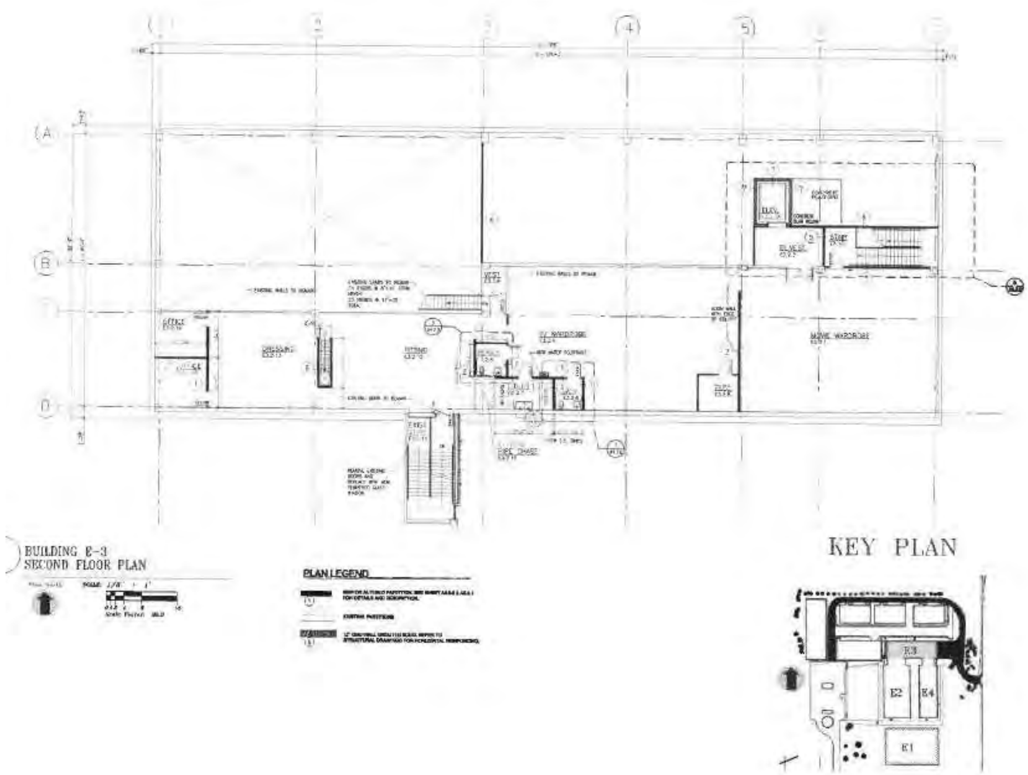
## BUILDING E2


BUILDING E-2
FLOOR PLAN
KEY PLAN

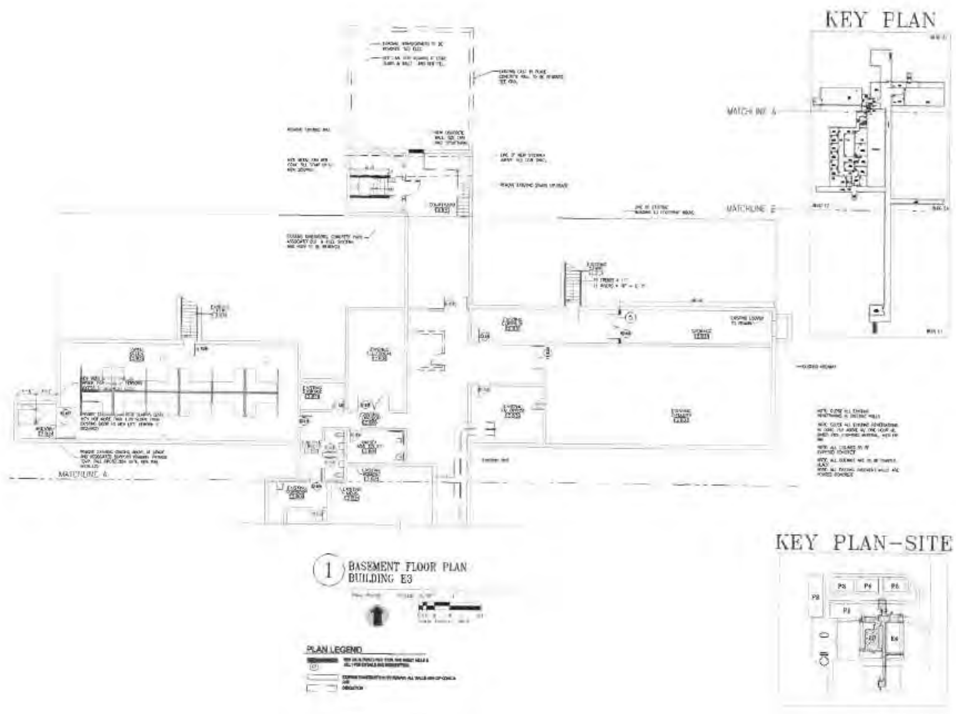

KEY PLAN
KEY PLAN-SITE
BASEMENT FLOOR PLAN
BUILDING E-2
PLAN LEGEND

## BUILDING E3

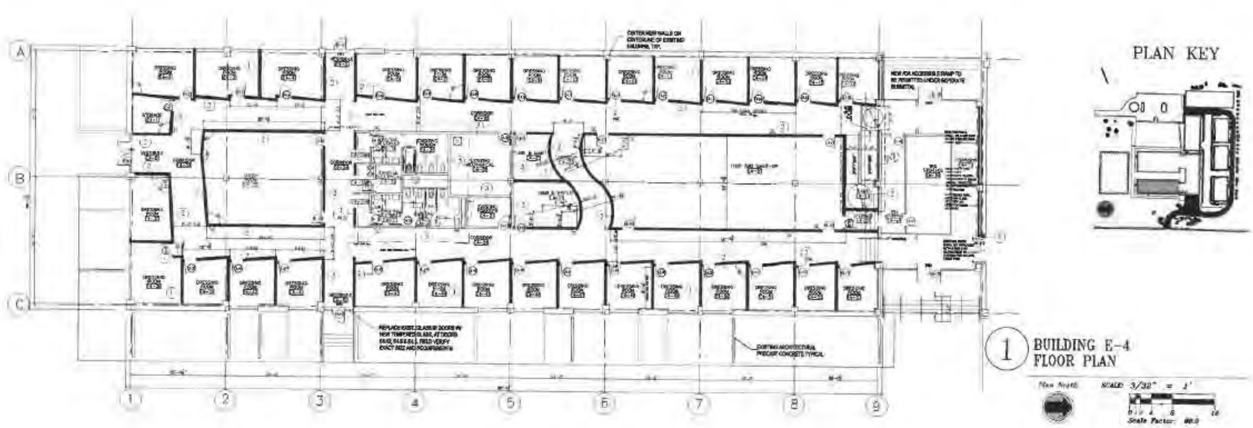

BUILDING E-3 FIRST FLOOR PLAN
2 STAIR SECTION
3 STAIR SECTION
4 STAIR SECTION
KEY PLAN


BUILDING E-3 SECOND FLOOR PLAN
PLAN LEGEND
KEY PLAN
E3
E2
E4
E1

## BUILDING E3




## BUILDING E4



# Real Property Taxes and Assessments

## Current Property Taxes

The subject property is located in the taxing jurisdiction of Fulton County, and the assessor's parcel identification is 14 0228 LL0511. According to the local tax collector's office, taxes are current.

The assessment and taxes for the property are presented in the following table:

| PROPERTY ASSESSMENT INFORMATION | |
|---|---|
| Assessor's Parcel Number: | 14 0228 LL0511 |
| Assessing Authority: | Fulton County |
| Current Tax Year: | 2020 |
| Assessment Ratio (% of market Value): | 40% |
| Are Taxes Current? | Taxes are current |
| Is There a Grievance Underway? | Not to our knowledge |

| ASSESSMENT INFORMATION | |
|---|---|
| **Assessed Value** | **Totals** |
| Land: | $2,100,960 |
| Improvements: | $6,678,200 |
| Total: | $8,779,160 |
| Taxable Assessment: | **$8,779,160** |
| Assessor's Implied Market Value: | $21,947,900 |
| **TAX LIABILITY** | |
| Total Tax Rate: | 4.10% |
| **Total Property Taxes:** | **$359,647** |

*Compiled by Cushman & Wakefield of Georgia, LLC*

Total taxes for the property are $359,647, or $2.03 per square foot.

# Zoning

## General Information

The property is zoned O-I (Office & Institutional) by the City of Atlanta. A summary of the subject's zoning is provided in the following table:

| ZONING | |
|---|---|
| **Municipality Governing Zoning:** | City of Atlanta |
| **Current Zoning:** | O-I (Office & Institutional) |
| **Current Use:** | Filmed Entertainment Studio |
| **Is Current Use Permitted?** | Yes |
| **Change in Zone Likely:** | No |
| **Zoning Change Applied For:** | No |
| **Permitted Uses:** | Permitted uses within this district include office, retail, light industrial, and various commercial uses |

| ZONING REQUIREMENTS | CODE | SUBJECT COMPLIANCE |
|---|---|---|
| Minimum Lot Area: | Zoning Verification included in Addenda. | Complying |
| Maximum Building Height: | | Complying |
| Maximum Floor Area Ratio (FAR): | | Complying |
| Maximum Lot Coverage (% of Lot Area): | | Complying |
| Minimum Yard Setbacks: | | |
| Front (Feet): | | Complying |
| Rear (Feet): | | Complying |
| Side (Feet): | | Complying |
| Required On-Site Parking: | | |
| Spaces per 1,000 Square Feet: | | Complying |
| Spaces per Square Foot: | | Complying |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## Zoning Compliance

Property value is affected by whether or not an existing or proposed improvement complies with zoning regulations, as discussed below.

### Complying Uses

An existing or proposed use that complies with zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

### Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

### Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

## Other Restrictions

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

## Zoning Conclusions

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

# Valuation

## Highest and Best Use

### Highest and Best Use Definition

*The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), a publication of the Appraisal Institute, defines the highest and best use as:

> The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

### Highest and Best Use of Site as though Vacant

#### Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned O-I (Office & Institutional) by the City of Atlanta. Permitted uses within this district include office, retail, light industrial, and various commercial uses. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

#### Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 22.90 acres, or 1,037,948 square feet. The site is irregularly shaped and level at street grade. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

#### Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

### Conclusion

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use

of the subject site as though vacant is for development with a commercial or light industrial use built to its maximum feasible building area.

## Highest and Best Use of Property as Improved

*The Dictionary of Real Estate Appraisal* defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

### Legally Permissible

As described in the Zoning Analysis section of this report, the subject site is zoned O-I (Office & Institutional). The site is improved with a filmed entertainment studio use containing 205,751 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a complying use. We also determined that the existing use is a permitted use in this zone.

### Physically Possible

The subject improvements were constructed in various years. The improvements are in average condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

### Financially Feasible and Maximally Productive

In the Reconciliation section, we estimate a market value for the subject property, as improved, of $25,700,000, which is greater than the value of the site as though vacant, determined to be $2,700,000. In our opinion, the improvements contribute significantly to the value of the site. It is likely that no alternative use would result in a higher value.

## Conclusion

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is as it is currently improved.

## Most Likely Buyer

The subject was previously utilized for owner occupancy. However, as displayed by the historical leasing history could also be suited for multiple-tenant occupancy. An examination of recent rental activity in the area suggests that there is demand for similar space in such properties by tenants within the market, and recent comparable sales indicate such properties are typically purchased by real estate investors. As a result, we conclude that the most likely purchaser of the subject is an investor, who would typically rely on the income approach to value the property.

# Valuation Process

## Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

### Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

### Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In each case, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

### Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted

to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

## Summary

This appraisal employs the Income Capitalization Approach and the Cost Approach. The subject improvements represent a special purpose use, and their value is tied directly to the economic benefits that can be derived from ownership. The subject is a purpose built, specialized facility and the Cost Approach serves as a secondary indicator of market value. A Sales Comparison Approach has been excluded due to the lack of sales involving similar facilities. Sales of studio facilities have occurred over the past decade and limited information from these transactions is presented for reference and general comparisons. However, there are significant differences in the physical and economic characteristics of these assets, and very limited information on those characteristics is available. A meaningful Sales Comparison Approach value indication cannot be derived. We have however included Land Value, which has been developed via the Sales Comparison Approach.

# Land Valuation

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

The most widely used and market-oriented units of comparison for properties with characteristics similar to those of the subject is price per acre. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages.

## SUMMARY OF LAND SALES

| No. | Location | Size (SF) | Size (Acres) | Proposed Use | Zoning | Site Utility | Public Utilities | Grantor | Grantee | Sale Date | Sale Price | $/SF Land | $/Acre | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **PROPERTY INFORMATION** | | | | | | | **TRANSACTION INFORMATION** | | | | | | |
| S | Subject Property | 1,037,948 | 23.83 | Filmed Entertainment Studio | O-I (Office & Institutional) | Good | All available | | | | | | | |
| 1 | 0 Stone Hogan Connector Rd<br>Atlanta, GA | 991,861 | 22.77 | - | O&I | Average | All Available | Good Deed 317 LLC | Stone Hogan Connector LLC | 1/20 | $2,650,000 | $2.67 | $116,381 | The 22.77-acre tract of land was sold on January 30, 2020 at Stone Hogan Connector Rd. The land was purchased prior with the former Tyler Perry Studio and was recently sold off given it's excess land status. |
| 2 | Desert Drive & Redwine Road<br>Atlanta, GA | 441,263 | 10.13 | - | C-2 | Good | All Available | Camp Crk Invs Venture Ltd | Atlanta Cmnty Food Bk Inc | 9/18 | $2,800,000 | $6.35 | $276,407 | This is the sale of 10.13 acres of land located at N Desert Dr. near its intersection with Redwine Road in Atlanta, GA. The buyer plans to use the land for their business. This was an all cash deal with no financing involved. |
| 3 | Fairburn Rd SW @ Cascade Rd SW<br>Atlanta, GA | 1,174,813 | 26.97 | - | R3 | Average | All Available | Tower Lending LLC | Cascade Acquisition Partners LLP | 12/17 | $2,050,000 | $1.74 | $76,010 | Large tract of mostly wooded land located between I-285 and Fairburn Road SW in Atlanta, GA. The property is encumbered by a power line easement, resulting in the net acreage total utilized in the price per unit conclusions. The gross acreage is approximately 47.04 acres. |
| 4 | Royal South Pky<br>Atlanta, GA | 1,071,576 | 24.60 | Industrial | R3 | Average | All Available | Ivan Allen Company | PPF Industrial Royal South LLC | 11/17 | $2,150,000 | $2.01 | $87,398 | The property is located south of the intersection of Stone Hogan Connector SW and Hogan Road SW across the street from the Former Tyler Perry Studio. The property includes a house and stable which are considered to contribute no value. Additionally, there is a power line easement at the property's southern boundary. The property has been listed since October 2017. |
| 5 | S Fulton Pky @ Hunter Road<br>Atlanta, GA | 2,018,875 | 46.35 | - | AG | Average | All Available | Atlanta Land Brokers, LLC | Coca-Cola United | 5/17 | $2,950,000 | $1.46 | $63,650 | On May 5th, 2017, the 46.347 acre lot along S. Fulton Parkway, Atlanta, GA 30349 was sold for $2,950,000, or $63,650.29 per acre. The property was acquired by Coca Cola United, the private Coca-Cola bottling company headquartered in Birmingham, AL. According to the seller, they plan on developing a +/-300,000 sf distribution center on the site. It was reported that additional granite blasting that will need to take place before construction can occur which is reflected in the sale price. |
| | **STATISTICS** | | | | | | | | | | | | | |
| Low | | 441,263 | 10.13 | | | | | | | 5/17 | $2,050,000 | $1.46 | $63,650 | |
| High | | 2,018,875 | 46.35 | | | | | | | 1/20 | $2,950,000 | $6.35 | $276,407 | |
| Average | | 1,139,678 | 26.16 | | | | | | | 5/18 | $2,520,000 | $2.85 | $123,969 | |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## LAND SALE ADJUSTMENT GRID

| | | | Economic Adjustments (Cumulative) | | | | | | Property Characteristic Adjustments (Additive) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | Price PSF Land & Date | Price Per Acre & Date | Property Rights Conveyed | Conditions of Sale | Financing | Market[1] Conditions | PSF Land Subtotal | Per Acre Subtotal | Location | Size | Public Utilities | Utility[2] | QOZ | Adj. Price PSF Land | Adj. Price Per Acre | Overall |
| 1 | **$2.67** | **$116,381** | Fee Simple | Arm's-Length | None | Inferior | **$2.73** | **$118,709** | Similar | Similar | Similar | Similar | Similar | **$2.73** | **$118,709** | Similar |
| | 1/20 | 1/20 | 0.0% | 0.0% | 0.0% | 2.0% | 2.0% | 2.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | |
| 2 | **$6.35** | **$276,407** | Fee Simple | Arm's-Length | None | Inferior | **$6.75** | **$293,820** | Superior | Smaller | Similar | Superior | Inferior | **$3.71** | **$161,601** | Superior |
| | 9/18 | 9/18 | 0.0% | 0.0% | 0.0% | 6.3% | 6.3% | 6.3% | -10.0% | -30.0% | 0.0% | -30.0% | 25.0% | -45.0% | -45.0% | |
| 3 | **$1.74** | **$76,010** | Fee Simple | Arm's-Length | None | Inferior | **$1.89** | **$82,471** | Similar | Similar | Similar | Inferior | Inferior | **$2.56** | **$111,336** | Inferior |
| | 12/17 | 12/17 | 0.0% | 0.0% | 0.0% | 8.5% | 8.5% | 8.5% | 0.0% | 0.0% | 0.0% | 10.0% | 25.0% | 35.0% | 35.0% | |
| 4 | **$2.01** | **$87,398** | Fee Simple | Arm's-Length | None | Similar | **$2.01** | **$87,398** | Similar | Similar | Similar | Superior | Inferior | **$2.41** | **$104,878** | Inferior |
| | 11/17 | 11/17 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -5.0% | 25.0% | 20.0% | 20.0% | |
| 5 | **$1.46** | **$63,650** | Fee Simple | Arm's-Length | None | Inferior | **$1.62** | **$70,397** | Similar | Larger | Similar | Inferior | Inferior | **$2.26** | **$98,556** | Inferior |
| | 5/17 | 5/17 | 0.0% | 0.0% | 0.0% | 10.6% | 10.6% | 10.6% | 0.0% | 10.0% | 0.0% | 5.0% | 25.0% | 40.0% | 40.0% | |
| | **STATISTICS** | | | | | | | | | | | | | | | |
| | **$1.46** | **$63,650** | **- Low** | | | | | | | | | | **Low -** | **$2.26** | **$98,556** | |
| | **$6.35** | **$276,407** | **- High** | | | | | | | | | | **High -** | **$3.71** | **$161,601** | |
| | **$2.85** | **$123,969** | **- Average** | | | | | | | | | | **Average -** | **$2.73** | **$119,016** | |

*Compiled by Cushman & Wakefield of Georgia, LLC*

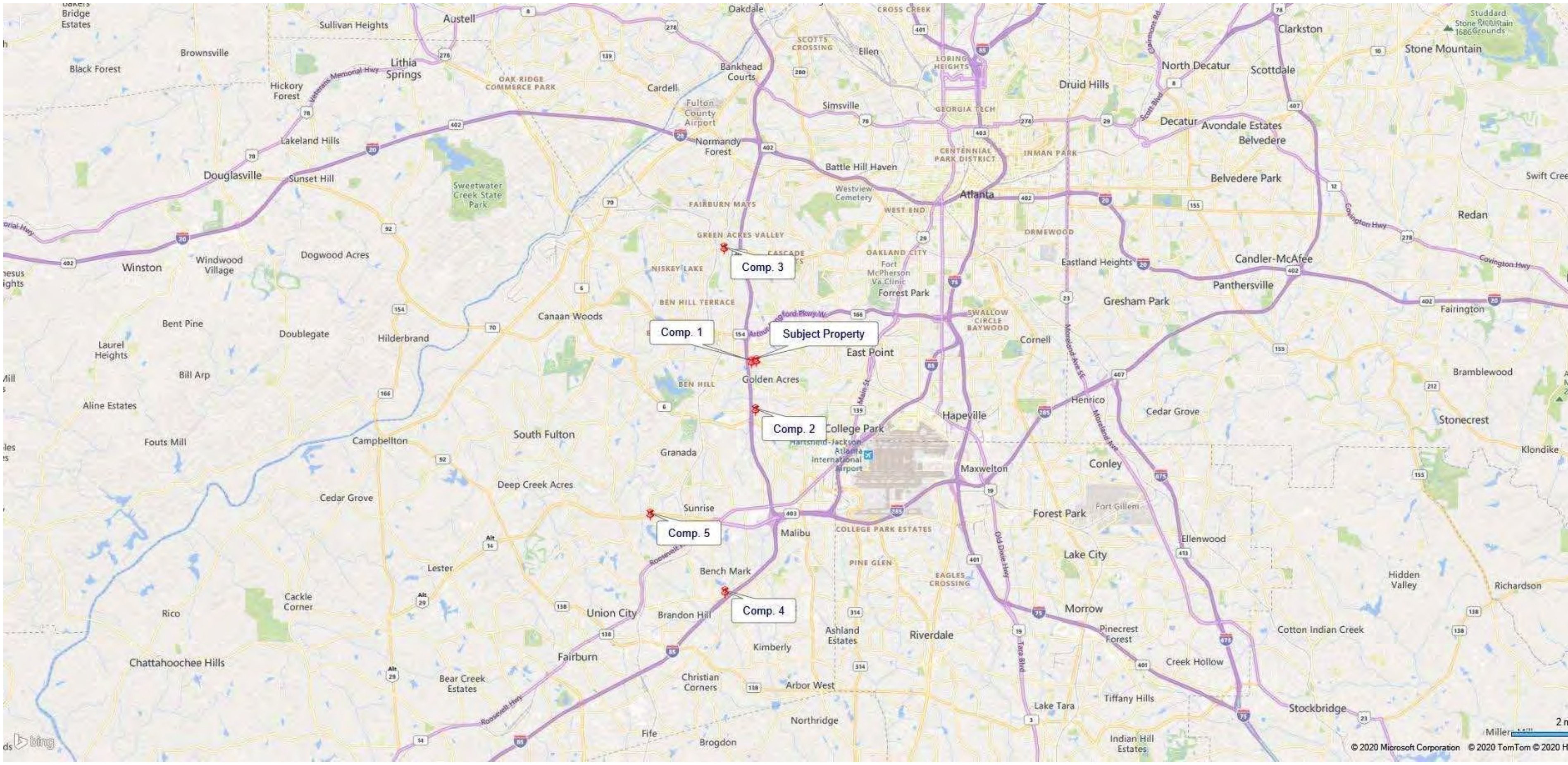
**(1) Market Conditions Adjustment Footnote**

Compound annual change in market conditions: 3.00%
Date of Value (for adjustment calculations): 9/30/20

**(2) Utility Footnote**

Utility includes shape, access, frontage and visibility.

## LAND SALE LOCATION MAP



## Discussion of Adjustments

### Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

### Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

### Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

### Market Conditions

The sales that are included in this analysis occurred between May 2017 and January 2020. As the market has improved over this time period, we applied an annual adjustment of 3.00 percent.

### Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. Overall, the location is considered good. We made a downward adjustment to those comparables considered superior in location compared to the subject. Conversely, upward adjustments were made to those comparables considered inferior.

### Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments were made to larger land parcels, and downward adjustments were made to smaller land parcels.

### Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

### Utility

The subject parcel is adequately shaped to accommodate a typical building. It has good access, good frontage and good visibility. Overall, it has been determined that the site has good utility. Adjustments were made where a comparable was considered to have superior or inferior utility.

### Qualified Opportunity Zone (QOZ)

The subject property is located within a newly designated Federal Qualified Opportunity Zone. Given the tax benefits available to properties within these QOZs, the property values have already seen a significant increase. Although it is difficult at this time to predict the ultimate increase in value, based on our research, we have seen approximate 25 percent increases in properties since their classifications within the QOZs. Therefore, we have applied a 25 percent upward adjustment to the comparables to account for this.

## Conclusion of Site Value

The adjustments applied to the comparable sales in the Land Sale Adjustment Chart reflect what we determined is appropriate in the marketplace.

Despite the subjectivity, the adjustments were considered reasonable and were applied consistently.

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from $98,556 per acre to $161,601 per acre, with an average of $119,016 per acre.

Therefore, we concluded that the indicated land value by the Sales Comparison Approach was:

| AS IS LAND VALUE CONCLUSION | Price Per Acre |
|---|---|
| Indicated Value | $120,000 |
| Acre Measure | x 22.90 |
| Indicated Value | $2,748,000 |
| Rounded to nearest $100,000 | $2,700,000 |
| $/Acre Basis | $117,904 |
| | |
| **LAND VALUE CONCLUSION** | **$2,700,000** |
| $/Acre Basis | $117,904 |

*Compiled by Cushman & Wakefield of Georgia, LLC*

# Cost Approach

## Methodology

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. The steps in this approach have been outlined in the Valuation Process section of this report. We previously developed an opinion of land value for the subject site of $2,700,000.

## Replacement Cost New

The Marshall Valuation Service is used to determine the replacement cost of the subject building. These costs include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes and insurance. Base costs are provided by the Marshall and Swift (M&S) Square Foot Commercial Methodology. These costs are refined, if applicable, for differences in heating/cooling costs, and the presence of sprinklers and elevators. The refined base costs are then further adjusted, if applicable, to account for building height, interior wall height, building perimeter, current costs, location variations, and prospective value multipliers. Beyond the base building costs, specialty components or site improvements are provided by the segregated cost sections of the M&S Commercial Cost Explorer.

Our estimates of Replacement Cost New (RCN), Indirect Costs, Entrepreneurial Profit, and Depreciation for the subject property are summarized on the following pages.

### Indirect Costs

Indirect costs (soft costs) not included in our Base Costs are developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs.

An average property in the subject market requires an allowance for indirect costs of between 5.0 and 10.0 percent of Base Costs. We chose to use 10.0 percent for the Building Improvements (Structures) and 10.0 percent for the Site Improvements in our analysis.

### Entrepreneurial Profit

Typically, an allowance for entrepreneurial profit would be added when preparing the cost approach. This allowance provides a prospective developer with the incentive to develop a property, especially one of a speculative nature.

Based on our discussions with developers in the local market, this figure tends to range between 10.0 and 20.0 percent of Base Building, Site Improvement and Other Indirect Costs. We chose to use 15.0 percent in our analysis.

## Depreciation

There are several methods for capturing the loss in value attributable to depreciation: The market extraction method, the age-life method, and the breakdown method. Our Cost Approach utilizes the fundamental components of the age-life method. In some situations, the impact of certain items of depreciation on value is known or is easily estimated. In the most common variation of the age-life method the cost to cure certain curable items (physical and functional) is known and can be deducted before the age-life ratio is applied; a process that mirrors what typical purchasers consider as part of the investment decision. Once processed, incurable items (physical and functional) can be estimated via the age-life ratio. In situations where External Obsolescence is present it, too, can be analyzed either as a residual to the market value conclusion or via an estimate of capitalized rent loss attributable to the external condition.

### Physical Deterioration

The *Marshall & Swift CCE* defines physical deterioration as:

> The wearing out of the improvement through the combination of wear and tear of use, the effects of the aging process and physical decay, action of the elements, structural defects, etc. It is typically divided into two types, curable and incurable, which may be individually estimated by the component breakdown method using some type of age/life approach. Physical deterioration may be further categorized as deferred maintenance, generally requiring immediate attention and treated separately based on the items' cost to repair.

Curable physical deterioration is generally associated with individual short-lived items such as paint, floor and roof covers, hot-water heaters, etc., requiring periodic replacement or renewal, or modification continuously over the normal life span of the improvement. Our calculation of Physical Curable Deterioration is based upon observable components, owner's proposed capital expenditures, and our own estimates of replacement costs where appropriate.

Incurable physical deterioration is generally associated with the residual group of long-lived items such as floor and roof structures, mechanical supply systems and foundations. Such basic structural items are not normally replaced in a typical maintenance program and are usually incurable except through major reconstruction. Physical Incurable Obsolescence will be calculated using a modified age-life method.

### Functional Obsolescence

According to the *Appraisal Institute*, functional obsolescence can be caused by changes in market conditions that have made some aspect of a structure, material or design obsolete by current market standards. Functional obsolescence may also be curable or incurable.

To be curable, the cost to correct the deficiency must be equal to or less than the anticipated increase in value. There are three subcategories of curable functional obsolescence: (1) deficiency requiring addition, (2) deficiency requiring substitution and (3) superadequacy. A deficiency requiring addition is measured by how much the cost of the addition exceeds the cost of the item if it were installed new during construction. A deficiency requiring substitution is measured as the cost of the existing component less physical deterioration already charged against the component and salvage value, plus the cost to remove the existing component and the added cost of installation. A superadequacy is measured as the current reproduction cost of the item minus any physical deterioration already charged plus the cost of removal, less the salvage value. A superadequacy is curable if correcting it on the date of the appraisal is economically feasible.

The subject improvements were constructed using modern materials and techniques. Furthermore, the design and layout of the property are consistent with current market standards. Our estimate of functional curable obsolescence, if applicable, is presented later in this section.

To the extent Functional Incurable Obsolescence exists, it is treated using methods prescribed by the Appraisal Institute.

### External Obsolescence

External obsolescence is the adverse effect on value resulting from influences outside the property. External obsolescence may be the result of lagging rental rates, high inflation, excessive construction costs, access to highways, the lack of an adequate labor force, changing land use patterns and market conditions, or proximity to an objectionable use or condition.

Based on a review of the location of the subject as well as local market conditions, external obsolescence is estimated at 0.0 percent.

## Replacement Cost New (Structures)

A breakdown of each building component is presented by the following table. A separate analysis of each component allows for a consideration of the unique cost differences of each component. The following table summarizes the replacement cost new of the building improvements (structures).

**COST APPROACH SUMMARY**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | **IMPROVEMENTS (STRUCTURES)** | | | | | | |
| **DESCRIPTION** | | BL House 11 | BL House 10 | BL House 9 | BL House 8 | BL House 7 | BL House 6 | BL House 5 | BL House 4 | BL House 3 | BL House 2 |
| Marshall & Swift - Improvement Type | | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell | SFR - Shell |
| Construction Class | | D | D | D | D | D | D | D | D | D | D |
| Quality of Construction | | Cheap | Cheap | Cheap | Cheap | Cheap | Cheap | Cheap | Cheap | Cheap | Cheap |
| Marshall & Swift - Section | | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 | Section 12 |
| Marshall & Swift - Page | | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 | Page 25 |
| Date | | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 | Aug-20 |
| Number of Stories | | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| **Base SF Cost** | | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 | $57.00 |
| | | | | | **SQUARE FOOT REFINEMENTS** | | | | | | |
| HVAC Refinements | | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 | $5.50 |
| Sprinklers | | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Elevators | | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Adjusted Base Cost** | | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 |
| | | | | | **HEIGHT AND SIZE REFINEMENTS** | | | | | | |
| Number of Stories | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Height Per Story | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Perimeter | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| **Adjusted Base Cost** | | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 | $62.50 |
| | | | | | **FINAL CALCULATIONS** | | | | | | |
| Current Cost Multiplier | | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 | 1.020 |
| Local Area Multiplier | | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 |
| Prospective Multiplier | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| **Adjusted SF Cost** | | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 | $59.29 |
| TIMES: SF for Replacement Cost Purposes | | 2,000 | 3,006 | 1,350 | 1,350 | 2,538 | 2,538 | 2,500 | 3,100 | 4,860 | 3,188 |
| **Adjusted Cost** | | **$118,575** | **$178,218** | **$80,038** | **$80,038** | **$150,472** | **$150,472** | **$148,219** | **$183,791** | **$288,137** | **$189,009** |
| PLUS: Indirect Costs | 10.0% | $11,858 | $17,822 | $8,004 | $8,004 | $15,047 | $15,047 | $14,822 | $18,379 | $28,814 | $18,901 |
| **Adjusted Cost** | | $130,433 | $196,040 | $88,042 | $88,042 | $165,519 | $165,519 | $163,041 | $202,170 | $316,951 | $207,909 |
| PLUS: Entrepreneurial Profit (Structures) | 15.0% | $19,565 | $29,406 | $13,206 | $13,206 | $24,828 | $24,828 | $24,456 | $30,326 | $47,543 | $31,186 |
| **Replacement Cost New (RCN)** | | **$149,997** | **$225,446** | **$101,248** | **$101,248** | **$190,347** | **$190,347** | **$187,497** | **$232,496** | **$364,494** | **$239,096** |
| | | | | | **REPLACEMENT COST SUMMARY (STRUCTURES)** | | | | | | |
| **Total Adjusted Costs** | | | | | | | | | | | |
| PLUS: Total Indirect Costs | | | | | | | | | | | |
| PLUS: Total Entrepreneurial Profit (Structures) | | | | | | | | | | | |
| **Total RCN** | | | | | | | | | | | |
| Total GBA (SF) | 205,751 | | | | | | | | | | |
| PSF of GBA | | | | | | | | | | | |

*Total includes all component / building costs as detailed above*

## COST APPROACH SUMMARY

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | IMPROVEMENTS (STRUCTURES) | | | | | | |
| **DESCRIPTION** | | BL House 1 | Sound Stage P5 | Sound Stage P4 | Sound Stage P3 | Sound Stage P2 | Sound Stage P1 | Basement | Building E4 | Building E3 | Building E2 | Building E1 |
| Marshall & Swift - Improvement Type | | SFR - Shell | Industrial Flex | Industrial Flex | Industrial Flex | Industrial Flex | Industrial Flex | Office - Basement | Office | Office | Office | Office |
| Construction Class | | D | C | C | C | C | C | C | C | C | C | C |
| Quality of Construction | | Cheap | Good | Good | Good | Good | Good | Average/Good | Average/Good | Average/Good | Average/Good | Average/Good |
| Marshall & Swift - Section | | Section 12 | Section 14 | Section 14 | Section 14 | Section 14 | Section 14 | Section 15 | Section 15 | Section 15 | Section 15 | Section 15 |
| Marshall & Swift - Page | | Page 25 | Page 13 | Page 13 | Page 13 | Page 13 | Page 13 | Page 19 | Page 17 | Page 17 | Page 17 | Page 17 |
| Date | | Aug-20 | Feb-20 | Feb-20 | Feb-20 | Feb-20 | Feb-20 | Nov-19 | Nov-19 | Nov-19 | Nov-19 | Nov-19 |
| Number of Stories | | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| **Base SF Cost** | | $57.00 | $77.00 | $77.00 | $77.00 | $77.00 | $77.00 | $ 83.50 | $ 142.50 | $ 142.50 | $ 142.50 | $ 142.50 |
| | | | | | | SQUARE FOOT REFINEMENTS | | | | | | |
| HVAC Refinements | | $5.50 | $11.75 | $11.75 | $11.75 | $11.75 | $11.75 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| Sprinklers | | $0.00 | $5.91 | $5.91 | $5.91 | $4.87 | $5.82 | $0.00 | $5.52 | $5.25 | $5.25 | $4.43 |
| Elevators | | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Adjusted Base Cost** | | $62.50 | $94.66 | $94.66 | $94.66 | $93.62 | $94.57 | $83.50 | $148.02 | $147.75 | $147.75 | $146.93 |
| | | | | | | HEIGHT AND SIZE REFINEMENTS | | | | | | |
| Number of Stories | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Height Per Story | | 1.000 | 1.449 | 1.449 | 1.449 | 1.449 | 1.449 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Perimeter | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| **Adjusted Base Cost** | | $62.50 | $137.12 | $137.12 | $137.12 | $135.61 | $136.98 | $83.50 | $148.02 | $147.75 | $147.75 | $146.93 |
| | | | | | | FINAL CALCULATIONS | | | | | | |
| Current Cost Multiplier | | 1.020 | 1.040 | 1.040 | 1.040 | 1.040 | 1.040 | 1.050 | 1.050 | 1.050 | 1.050 | 1.050 |
| Local Area Multiplier | | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 | 0.930 |
| Prospective Multiplier | | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| **Adjusted SF Cost** | | $59.29 | $132.62 | $132.62 | $132.62 | $131.16 | $132.49 | $81.54 | $144.54 | $144.28 | $144.28 | $143.48 |
| TIMES: SF for Replacement Cost Purposes | | 2,500 | 7,426 | 7,426 | 7,426 | 16,412 | 11,907 | 18,037 | 13,781 | 17,917 | 21,040 | 55,450 |
| **Adjusted Cost** | | **$148,219** | **$984,766** | **$984,766** | **$984,766** | **$2,152,608** | **$1,577,577** | **$1,470,696** | **$1,991,927** | **$2,585,027** | **$3,035,606** | **$7,955,808** |
| PLUS: Indirect Costs | 10.0% | $14,822 | $98,477 | $98,477 | $98,477 | $215,261 | $157,758 | $147,070 | $199,193 | $258,503 | $303,561 | $795,581 |
| **Adjusted Cost** | | $163,041 | $1,083,242 | $1,083,242 | $1,083,242 | $2,367,869 | $1,735,335 | $1,617,766 | $2,191,120 | $2,843,529 | $3,339,167 | $8,751,388 |
| PLUS: Entrepreneurial Profit (Structures) | 15.0% | $24,456 | $162,486 | $162,486 | $162,486 | $355,180 | $260,300 | $242,665 | $328,668 | $426,529 | $500,875 | $1,312,708 |
| **Replacement Cost New (RCN)** | | **$187,497** | **$1,245,728** | **$1,245,728** | **$1,245,728** | **$2,723,049** | **$1,995,635** | **$1,860,431** | **$2,519,787** | **$3,270,059** | **$3,840,042** | **$10,064,097** |
| | | | | | | REPLACEMENT COST SUMMARY (STRUCTURES) | | | | | | |
| **Total Adjusted Costs** | | | | | | | | | | | | **$25,438,733** |
| PLUS: Total Indirect Costs | | | | | | | | | | | | $2,543,883 |
| PLUS: Total Entrepreneurial Profit (Structures) | | | | | | | | | | | | $4,197,406 |
| **Total RCN** | | | | | | | | | | | | **$32,179,997** |
| Total GBA (SF) | 205,751 | | | | | | | | | | | |
| PSF of GBA | | | | | | | | | | | | $156.40 |

*Total includes all component / building costs as detailed above*

## Depreciation (Structures)

As previously discussed, our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the modified age-life method. If applicable, economic obsolescence is independently estimated and deducted. To allow for any variances in the age/condition of individual building components, a separate depreciation analysis was applied to each. The following table summarizes the depreciated value of improvements (structures).

**COST APPROACH SUMMARY**

| DEPRECIATION ANALYSIS (STRUCTURES) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **DESCRIPTION** | | BL House 11 | BL House 10 | BL House 9 | BL House 8 | BL House 7 | BL House 6 | BL House 5 | BL House 4 | BL House 3 | BL House 2 |
| **RCN** | | $149,997 | $225,446 | $101,248 | $101,248 | $190,347 | $190,347 | $187,497 | $232,496 | $364,494 | $239,096 |
| LESS: Physical Curable | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| LESS: Functional Curable | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Adjusted RCN | | $149,997 | $225,446 | $101,248 | $101,248 | $190,347 | $190,347 | $187,497 | $232,496 | $364,494 | $239,096 |
| **Age/Life Analysis** | | | | | | | | | | | |
| Year Built | | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 | 2014 |
| Actual Age (Years) | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Economic Life (Years) | | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Effective Age (Years) | | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Remaining Economic Life (Years) | | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Percent Depreciated | | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| Age/Life Depreciation (% of Adjusted RCN) | | $29,999 | $45,089 | $20,250 | $20,250 | $38,069 | $38,069 | $37,499 | $46,499 | $72,899 | $47,819 |
| Adjusted RCN | | $149,997 | $225,446 | $101,248 | $101,248 | $190,347 | $190,347 | $187,497 | $232,496 | $364,494 | $239,096 |
| LESS: Age/Life Depreciation | | ($29,999) | ($45,089) | ($20,250) | ($20,250) | ($38,069) | ($38,069) | ($37,499) | ($46,499) | ($72,899) | ($47,819) |
| Adjusted RCN | | $119,998 | $180,357 | $80,999 | $80,999 | $152,277 | $152,277 | $149,997 | $185,997 | $291,595 | $191,277 |
| LESS: Functional Incurable | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Adjusted RCN | | $119,998 | $180,357 | $80,999 | $80,999 | $152,277 | $152,277 | $149,997 | $185,997 | $291,595 | $191,277 |
| LESS: Economic Obsolescence (External) | 0.0% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Depreciated RCN** | | **$119,998** | **$180,357** | **$80,999** | **$80,999** | **$152,277** | **$152,277** | **$149,997** | **$185,997** | **$291,595** | **$191,277** |
| Depreciation Subtotal | | ($29,999) | ($45,089) | ($20,250) | ($20,250) | ($38,069) | ($38,069) | ($37,499) | ($46,499) | ($72,899) | ($47,819) |
| **DEPRECIATION SUMMARY (STRUCTURES)** | | | | | | | | | | | |
| **Total RCN** | | | | | | | | | | | |
| LESS: Total Depreciation - Physical Curable | | | | | | | | | | | |
| LESS: Total Depreciation - Functional Curable | | | | | | | | | | | |
| LESS: Total Depreciation - Age/Life | | | | | | | | | | | |
| LESS: Total Depreciation - Functional Incurable | | | | | | | | | | | |
| LESS: Total Depreciation - Economic Obsolescence (External) | | | | | | | | | | | |
| **Total Depreciated Value of Improvements** | | | | | | | | | | | |
| Total Depreciated Value PSF of GBA | | | | | | | | | | | |

*Total includes all component / building costs as detailed above*

**COST APPROACH SUMMARY**

| DEPRECIATION ANALYSIS (STRUCTURES) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **DESCRIPTION** | BL House 1 | Sound Stage P5 | Sound Stage P4 | Sound Stage P3 | Sound Stage P2 | Sound Stage P1 | Basement | Building E4 | Building E3 | Building E2 | Building E1 |
| **RCN** | $187,497 | $1,245,728 | $1,245,728 | $1,245,728 | $2,723,049 | $1,995,635 | $1,860,431 | $2,519,787 | $3,270,059 | $3,840,042 | $10,064,097 |
| LESS: Physical Curable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| LESS: Functional Curable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Adjusted RCN | $187,497 | $1,245,728 | $1,245,728 | $1,245,728 | $2,723,049 | $1,995,635 | $1,860,431 | $2,519,787 | $3,270,059 | $3,840,042 | $10,064,097 |
| **Age/Life Analysis** | | | | | | | | | | | |
| Year Built | 2014 | 2008 | 2008 | 2008 | 2008 | 2008 | 1967 | 1967 | 1967 | 1967 | 1967 |
| Actual Age (Years) | 6 | 12 | 12 | 12 | 12 | 12 | 53 | 53 | 53 | 53 | 53 |
| Economic Life (Years) | 30 | 50 | 50 | 50 | 50 | 50 | 55 | 55 | 55 | 55 | 55 |
| Effective Age (Years) | 6 | 12 | 12 | 12 | 12 | 12 | 28 | 28 | 28 | 28 | 28 |
| Remaining Economic Life (Years) | 24 | 38 | 38 | 38 | 38 | 38 | 28 | 28 | 28 | 28 | 28 |
| Percent Depreciated | 20.00% | 24.00% | 24.00% | 24.00% | 24.00% | 24.00% | 50.00% | 50.00% | 50.00% | 50.00% | 50.00% |
| Age/Life Depreciation (% of Adjusted RCN) | $37,499 | $298,975 | $298,975 | $298,975 | $653,532 | $478,952 | $930,215 | $1,259,894 | $1,635,029 | $1,920,021 | $5,032,048 |
| Adjusted RCN | $187,497 | $1,245,728 | $1,245,728 | $1,245,728 | $2,723,049 | $1,995,635 | $1,860,431 | $2,519,787 | $3,270,059 | $3,840,042 | $10,064,097 |
| LESS: Age/Life Depreciation | ($37,499) | ($298,975) | ($298,975) | ($298,975) | ($653,532) | ($478,952) | ($930,215) | ($1,259,894) | ($1,635,029) | ($1,920,021) | ($5,032,048) |
| Adjusted RCN | $149,997 | $946,754 | $946,754 | $946,754 | $2,069,517 | $1,516,682 | $930,215 | $1,259,894 | $1,635,029 | $1,920,021 | $5,032,048 |
| LESS: Functional Incurable | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Adjusted RCN | $149,997 | $946,754 | $946,754 | $946,754 | $2,069,517 | $1,516,682 | $930,215 | $1,259,894 | $1,635,029 | $1,920,021 | $5,032,048 |
| LESS: Economic Obsolescence (External) 0.0% | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Depreciated RCN** | **$149,997** | **$946,754** | **$946,754** | **$946,754** | **$2,069,517** | **$1,516,682** | **$930,215** | **$1,259,894** | **$1,635,029** | **$1,920,021** | **$5,032,048** |
| Depreciation Subtotal | ($37,499) | ($298,975) | ($298,975) | ($298,975) | ($653,532) | ($478,952) | ($930,215) | ($1,259,894) | ($1,635,029) | ($1,920,021) | ($5,032,048) |

| DEPRECIATION SUMMARY (STRUCTURES) | |
|---|---|
| **Total RCN** | **$32,179,997** |
| LESS: Total Depreciation - Physical Curable | $0 |
| LESS: Total Depreciation - Functional Curable | $0 |
| LESS: Total Depreciation - Age/Life | ($12,310,344) |
| LESS: Total Depreciation - Functional Incurable | $0 |
| LESS: Total Depreciation - Economic Obsolescence (External) | $0 |
| **Total Depreciated Value of Improvements** | **$19,869,654** |
| Total Depreciated Value PSF of GBA | $96.57 |

*Total includes all component / building costs as detailed above*

## Replacement Cost New (Site Improvements)

Because site improvements can vary significantly and have a shorter typical age/life than the building components, a separate analysis was conducted. Site improvement costs include landscaping, asphalt paving, walkways, etc. The following table presents a detail of the replacement cost new of site improvements.

**SITE IMPROVEMENTS - REPLACEMENT COST NEW**

| Item | Unit Type | Area (Units) | Cost Per Unit | Cost New | Indirect 10.0% | Adjusted Cost | Profit 15.0% | Replacement Cost New |
|---|---|---|---|---|---|---|---|---|
| Site Improvements | SF | 1,037,948 | $2.00 | $2,075,895 | $207,590 | $2,283,485 | $342,523 | $2,626,008 |
| **Totals** | | | | $2,075,895 | $207,590 | $2,283,485 | $342,523 | **$2,626,008** |

## Depreciation (Site Improvements)

The following table presents a detail of the depreciated value of site improvements.

**SITE IMPROVEMENTS - DEPRECIATION**

| Item | Physical Curable | Functional Curable | Adjusted Total | Economic Life | Effective Age | Depreciation % | Age/Life Depreciation | Adjusted Total | Economic Obsolescence 0.0% | Depreciated Cost |
|---|---|---|---|---|---|---|---|---|---|---|
| Site Improvements | $0 | $0 | $2,626,008 | 15 | 8 | 50.00% | ($1,313,004) | $1,313,004 | $0 | $1,313,004 |
| **Totals** | $0 | $0 | $2,626,008 | | | | ($1,313,004) | $1,313,004 | $0 | **$1,313,004** |

## Summary (Site Improvements)

The following table provides a summary of the depreciated value of the site improvements.

| SITE IMPROVEMENTS | | |
|---|---|---|
| **Cost New (Site Improvements)** | | $2,075,895 |
| PLUS: Indirect Costs | 10.0% of Hard Costs | $207,590 |
| Adjusted Cost | | $2,283,485 |
| PLUS: Entrepreneurial Profit | 15.0% of Adjusted Costs | $342,523 |
| **RCN (Site Improvements)** | | **$2,626,008** |
| **DEPRECIATION ANALYSIS (SITE IMPROVEMENTS)** | | |
| **RCN (Site Improvements)** | | **$2,626,008** |
| LESS: Physical Curable | | $0 |
| LESS: Functional Curable | | $0 |
| Adjusted RCN (Site) | | $2,626,008 |
| LESS: Age/Life Depreciation | | ($1,313,004) |
| Adjusted RCN (Site) | | $1,313,004 |
| LESS: Economic Obsolescence (External) | 0.0% | $0 |
| **Total Depreciated Value of Site Improvements** | | **$1,313,004** |
| Site Area SF (Primary Site) | 1,037,948 | |
| Conclusion PSF of Land Area (Primary Site) | | **$1.27** |

## Conclusion

As a culmination to the Cost Approach, we reiterate the conclusions from each portion of this analysis. Please refer to the following table for our Cost Approach summary.

| COST APPROACH VALUE SUMMARY | | |
|---|---|---|
| **MARKET VALUE TYPE** | | **Market Value As-Is** |
| **COST SOURCE** | | Marshall & Swift (Commercial Cost Explorer) |
| | | |
| **IMPROVEMENTS (Structures)** | | |
| Adjusted Costs | | **$21,013,740** |
| PLUS: Indirect Costs | | $2,543,883 |
| PLUS: Entrepreneurial Profit | | $4,197,406 |
| LESS: Total Depreciation | | ($11,413,419) |
| **TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Structures)** | | **$16,341,610** |
| | | |
| **IMPROVEMENTS (Site)** | | |
| Cost New | | **$2,075,895** |
| PLUS: Indirect Costs | | $207,590 |
| PLUS: Entrepreneurial Profit | | $342,523 |
| LESS: Total Depreciation | | ($1,313,004) |
| **TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (Site)** | | **$1,313,004** |
| | | |
| **SUMMARY (ALL IMPROVEMENTS)** | | |
| Adjusted Costs/Cost New | | $23,089,635 |
| PLUS: Total Indirect Costs | | $2,751,473 |
| PLUS: Total Entrepreneurial Profit | | $4,539,929 |
| **TOTAL REPLACEMENT COST NEW** | | **$30,381,037** |
| LESS: Total Depreciation | | ($12,726,423) |
| **TOTAL DEPRECIATED VALUE OF IMPROVEMENTS** | | **$17,654,614** |
| Depreciated Value PSF of GBA | | $85.81 |
| | | |
| **TOTAL DEPRECIATED VALUE OF IMPROVEMENTS** | | |
| PLUS: Land Value (Primary Site) | | $2,700,000 |
| | | |
| **INDICATED VALUE BY THE COST APPROACH** | | **$20,354,614** |
| **Rounded to the Nearest** | **$100,000** | **$20,400,000** |
| TOTAL GBA (SF) | 205,751 | |
| **Conclusion PSF of GBA** | | **$99.15** |
| **Conclusion PSF of All Structures** | | **$123.31** |

# Income Capitalization Approach

## Methodology

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of "anticipation" is essential to this approach, which recognizes the relationship between an asset's potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Yield Capitalization. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the yield capitalization method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. We used both Yield and Direct capitalization, and each method is well-supported by ample, recent market data. As a result, we placed roughly equal reliance on each of the techniques, and feel that a prospective purchaser would follow this approach.

## Potential Gross Income

The subject property is characterized as an independent, "four wall" studio located in a secondary market for filmed entertainment production. Facilities like the subject, in addition to providing the specialized space used to shoot content, include an extensive array of additional services provided (at additional fees) by the landlord. Most often, this arrangement is viewed as being similar to the operation of a hotel. As such, the interest appraised is the going concern. These ancillary services include electricity, air conditioning, food service, specialized equipment and associated labor ("grip and electric"), courier services, telephones, trash removal, screening/conference rooms, stage management and other labor. The studio operator almost always prohibits the use of outside providers contracted directly by the production company/tenant. All ancillary services are contracted through the studio. The result is a complex series of additional profit centers to the soundstage operator or studio. These profit centers can generate revenues between three and five times the base soundstage rent.

The following sections provide detail and support on subject operations, and compare them to benchmark and industry standards to gauge the performance of the subject property.

## Historical and Current Space Summary & Occupancy Status

TO provide a complete analysis of the historical and current revenue, we have summarized the historical leases from 2018 and 2018, prior to the current ownership.

| Client | Year | Begin | End | Office SF | Stage SF | Total SF | Sch License Fees | Actual Revenue | $/SF/Mo. | $/SF/Yr. |
|---|---|---|---|---|---|---|---|---|---|---|
| Pitch Perfect 3 | 2017 | Jan-17 | May-17 | 40,000 | 14,300 | 54,300 | $ 380,377 | $ 499,332 | $ 1.75 | $ 21.02 |
| Valor | 2017 | Feb-17 | Apr-17 | 12,500 | 7,150 | 19,650 | $ 73,500 | $ 118,000 | $ 1.90 | $ 22.82 |
| War with Grandpa | 2017 | Mar-17 | Jul-17 | 11,000 | 14,300 | 25,300 | $ 100,000 | $ 240,008 | $ 0.97 | $ 11.66 |
| TAG | 2017 | Apr-17 | Sep-17 | 12,500 | 15,000 | 27,500 | $ 187,027 | $ 377,823 | $ 1.33 | $ 16.00 |
| Scarface | 2017 | Jul-17 | Jul-17 | - | - | - | $ 10,000 | $ 10,003 | - | - |
| Scream | 2017 | Aug-17 | Dec-17 | 12,000 | - | 12,000 | $ 114,000 | $ 349,398 | $ 2.34 | $ 28.03 |
| Instant Family | 2018 | Dec-17 | Jun-18 | 25,000 | - | 25,000 | $ 350,000 | $ 525,000 | $ 2.31 | $ 27.69 |
| Hell Fest | 2018 | Feb-18 | Apr-18 | - | - | - | $ 250,000 | $ 375,000 | - | - |
| Divorse court | 2018 | Jul-18 | Feb-19 | - | - | - | $ 550,000 | $ 825,000 | - | - |
| Stuber | 2018 | Mar-18 | Jul-18 | - | - | - | $ 584,000 | $ 876,000 | - | - |

| | | | | |
|---|---|---|---|---|
| **Total** | **$ 2,598,904** | **$ 4,195,564** | **Min** | **$ 0.97** | **$ 11.66** |
| | | | **Average** | **$ 1.77** | **$ 21.20** |
| | | | **Max** | **$ 2.34** | **$ 28.03** |

It should be noted that the scheduled license fees are the contractually agreed on rental rates and the actual revenue is the ending revenue once production is finished including any overages and add-on services not initially in the contract. Our rental rates are based on the scheduled license fees.

We also analyzed the current lease at the subject property. Although the lease was not provided, the contractual terms were provided as follows and assumed accurate:

The production for Heals is currently occupying the property through at least March and potentially longer depending on the success of the series. The tenant is currently paying between $250,000 and $275,000 per month depending on space usage.

## Market Rent Estimate

### Sound Stages

Existing soundstages in the region vary widely in size, quality, and design. The subject benefits by being one of the largest and state-of-the industry sound stage facilities with the ability to scale productions in numerous stages, sufficient production office space, superior interior stage clearances (both vertical and horizontal), electrical power, parking, loading access, security, HVAC, soundproofing, and the availability of proximate ancillary services.

Studios are often rented on a short term basis (often just for several days), first for preparation and set up (“prep”), then for the actual film shooting (“pre-light/shoot”), and then for take down (“strike”). Rates are normally quoted on a daily basis, with the prep/strike/hold rate roughly half the shoot day rate. For larger productions, there are “episodic rates”, wherein a flat rate is quoted on a weekly, monthly, or seasonal (television season) basis.

The subject studios historically have been utilized for feature films and television shows that commit to multiple months for production. The subject also accommodates longer term commitments but the shorter term licensees have been more common.

### Sound Stage Rent

In order to estimate the market rents for the subject’s soundstages, we have reviewed the subject stage rate card and asking rates at other comparable studios in the region. Generally, soundstage rents are calculated based on the usage of the stage, which is charged on a daily rate basis. As mentioned previously, a lower rate is charged for day when sets are being built (prep) and taken down (strike) or where there is no activity on the stage (hold). Higher rates are charged for days when there are dress rehearsals (pre-light) and filming days (shoot) due to the higher utilization of the facility on those days. As a common rule-of-thumb, pre/strike/hold day rates are generally one half of the pre-light/shoot day rates.

Industry wide, the rental rates are not differentiated by the types of production, but the duration of rentals will depend upon the type of content being shot. For example, sitcoms typically have one or two pre-light/shoot days per week during a one week rental. Commercials may use a soundstage for two or three days and have one pre- light/shoot day. Feature films may rent a stage for several months but only shoot a few days out of that month. The industry wide ratio for the pre-light/shoot days to total occupied days ranges from 20 to 40 percent.

The subject soundstages have had licensees with several scripted TV shows that have been able to commit to multiple months or even years, but more typically accommodates feature films, often with shorter term commitments which results in a lower utilization rate, meaning more days without licensed days of usage.

The summary on the following page details the rates charged for the most recent rentals of the subject sound stages on a monthly basis. The rates are dependent upon the size of the stage and the length of time the production commits to the space.

We estimated market rents for the subject sound stages based on the most recent rates charged for the subject sound stages for productions with "term". The subject rates are generally in line with other LA studios, and comparable to the rates charged for similarly sized sound stages in the Los Angeles market.

Industry wide, soundstage utilization is typically fairly intensive, while production office utilization tends to be less intensive. There is no third party market data for utilization statistics throughout the industry, and comparable data is very difficult to obtain due to confidentiality. However, based on our internal database spanning 10 years, and industry research involving a number of markets where filmed entertainment is supported by tax credit programs, we have created a spectrum of typical utilization by market type. The subject property is located in a primary market by industry standards.

| | |
|---|---|
| Primary Market Area (i.e., Los Angeles, Georgia): | 80 - 90 percent utilization |
| Secondary Market Area (i.e., Canada, Louisiana) | 60 - 80 percent utilization |
| Tertiary Market Area (i.e. Pennsylvania) | 20 – 30 percent utilization |

In our analysis, we applied a utilization rate of 75 percent, which considers both the historical and most recent performance of the stage utilization and is in-line with the rates presented above for the local market of Atlanta with consideration of the older generation of space and newer facilities in the area that would increase competition.

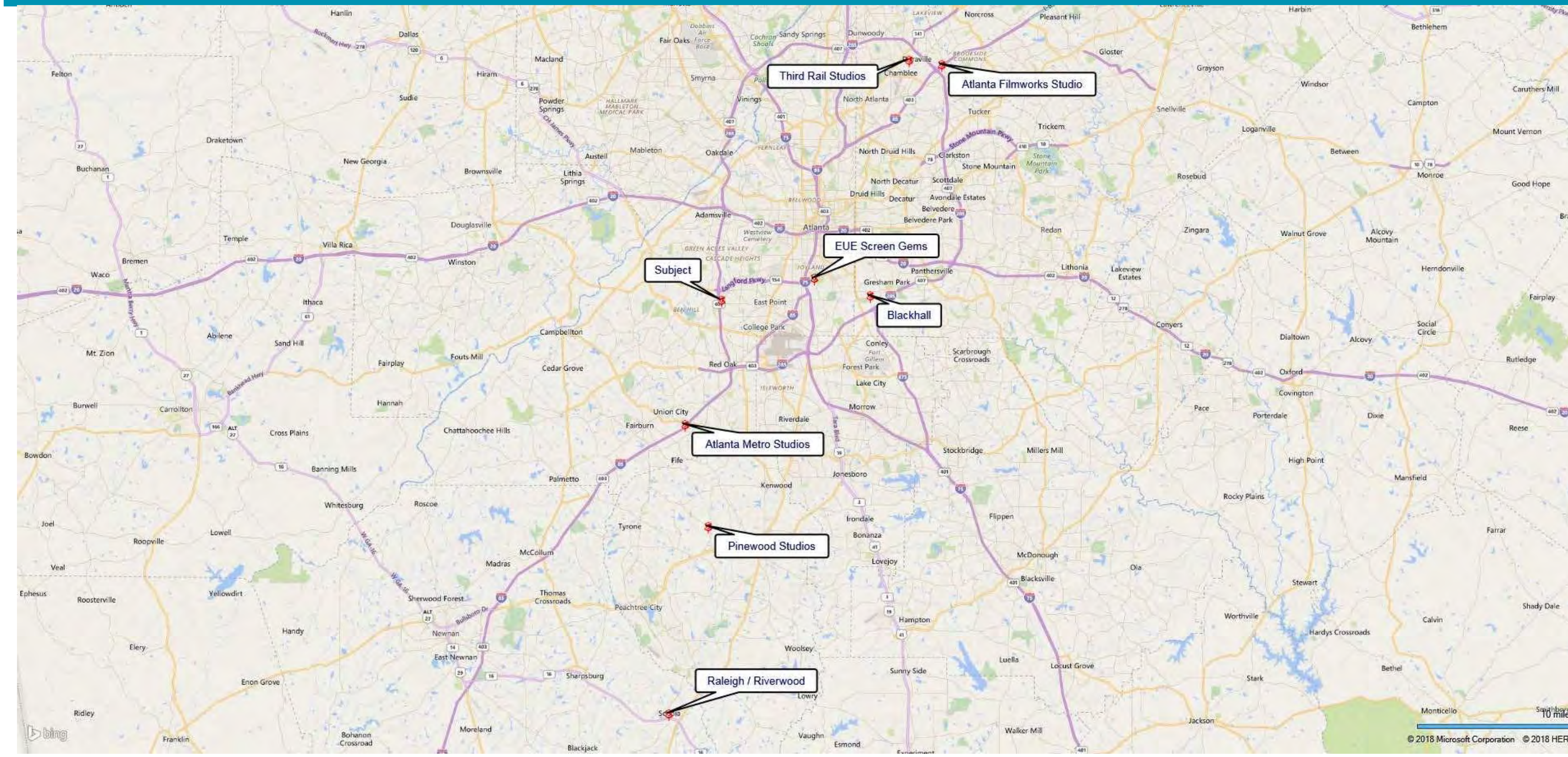
## Market Rent – Production Office

Production office demand is closely associated with soundstages. The majority of the office component of the subject tends to serve the office needs of the entertainment licensees which utilize the studio spaces. Many of these leases are for terms ranging less than or equal to one year.

## Analysis of Comparable Rents

| Purpose Built Sound Stage | Location | Stage Height (Ft) | Stage SF | Stage Rent PSF | Office SF | Office Rent PSF | Mill - Flex - Storage SF | MFS Rent PSF |
|---|---|---|---|---|---|---|---|---|
| Third Rail Studios | Doraville | 41' | 60,120 | $3.50 | 27,500 | $3.00 | 38,000 | $1.00 |
| Pinewood ATL | Fayetteville | 40' | 218,150 | $5.00 | 55,000 | $4.33 | 45,000 | $3.25 |
| EUE Screen Gems | South Atlanta | 40' | 140,000 | $3.50 | 50,000 | $2.50 | 100,000 | $2.00 |
| Raleigh / Riverwood | Senoia | 30-40' | 45,000 | $2.84 | 18,000 | $4.00 | 10,000 | $0.45 |
| Atlanta Metro Studios | Union City | 40' | 134,000 | $4.00 | 40,000 | $3.50 | 45,000 | $1.00 |
| Blackhall | Southwest DeKalb | 40' | 210,000 | n/a | 40,000 | n/a | n/a | n/a |
| Atlanta Filmworks | NE Atlanta | 42' | 20,240 | $2.22 | 18,000 | $0.78 | 20,025 | $0.30 |
| **Minimum** | | | | **$2.22** | | **$0.78** | | **$0.30** |
| **Average** | | | | **$3.51** | | **$3.02** | | **$1.33** |
| **Maximum** | | | | **$5.00** | | **$4.33** | | **$3.25** |

## COMPARABLE RENTAL LOCATION MAP



## Conclusions – Market Rent

We considered the recent performance of the subject property, as well as comparable studio rates recognizing the economic terms of a license agreement can vary substantially based on the length of the lease/license, the other services and concessions requested by the tenant, the size of the premises licensed, and creditworthiness of the tenant.

Based on our review of the available data, we concluded the following “typical” market rent for the subject’s production office space during the first year of the holding period. Since production office space is required to support the sound stage users, the studios manage the longer-term, more conventional office users in both duration and size of space to retain availability and flexibility for the studio users.

Our estimate of market rent was primarily based on the rents achieved at the subject property for production office space, which are in line with rate quotes from LA studios and at the low end of the range for production office space for Los Angeles based studio facilities.

| MARKET RENT SYNOPSIS | | | |
|---|---|---|---|
| **TENANT CATEGORY** | **Production** | **Sound Stage** | **Other Revenue (Daily Basis)** |
| Market Rent PSF/Mo. | $2.50 | $3.00 | $1,000/Day |
| Market Rent PSF/Yr. | $30.00 | $36.00 | $365,000 Total |
| Lease Type (reimbursements) | Gross | Gross | Gross |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## Revenue & Expense Analysis

We developed an opinion of the property's annual income and operating expenses after reviewing both its historical performance and the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical.

Cushman & Wakefield, Inc. recognizes the standards defined by the CRE Finance Council as the definitive standards by which operating expense data should be analyzed. All operating statements provided by ownership have been recast to reflect these categories, which are provided in the Glossary section of this Appraisal Report. Our expense forecast is presented in the following table, followed by a discussion of each expense line item.

## Discussion of Revenue Items

In most cases, our forecast is well supported by market comparables discussed previously.

### Utilization

Overall, for all revenue line items we have estimated the following utilization rates for the respective potential gross income for each year. Given contracts are typically written on two to four month lengths this utilization considers that typical studios never reach 100 utilization throughout the year. The utilization rates assumed for this analysis are: Year 1 – 25.0 Percent; Year 2 – 50.0 Percent; and Year 3 – Year 11: 75.0 Percent (Stabilized).

### Production Revenue

As previously noted, production revenue was estimated at $2.50 per square foot per month, or $30.00 per square foot per year. The potential gross income for production revenue considers the total available space for rent of 108,188 square feet.

### Stage Revenue

As previously noted, stage revenue was estimated at $3.00 per square foot per month, or $36.00 per square foot per year. The potential gross income for production revenue considers the total available space for rent of 50,596 square feet.

### Other Revenue

The subject licenses/leases are generally structured on a gross basis. Licensees are not responsible for any operating expenses. However, licensees who utilize the soundstages are obligated to use the some of the ancillary services provided by the landlord, such as equipment rental, telecommunications equipment, security/parking, and events management. As indicated by the accompanying exhibit, these ancillary charges generate substantial revenue for studios, sometimes equal to or in excess of stage and production office space rent.

The other revenue line-item is considered to account for these additional services, overages, and also includes the use of the back lot area. Overall, we have considered the other revenue to be $1,000 per day. However, given there could be up to four productions at any given time and therefore multiple licensees in a single day, we have estimated the potential days of other revenue at 730 days (two licensees x 365 days).

The $1,000 per day rate was sourced and supported by the actual historical day rate average at the subject property. The historical per day rate ranged from $754 per day to $2,393 per day, with an average of $1,424 per day.

### Subject Lease Agreement

**PLEASE NOTE THAT BASED ON DISCUSSIONS WITH THE CLIENT AND THE MINIMAL REMAINING TERM, WE HAVE EXCLUDED THE MASTER LEASE FROM THIS ANALYSIS.**

The subject is currently encumbered by an operating lease agreement with Cinelease, Inc. that expires December 31, 2020.

The current primary term of the lease states that Cinelease will pay $150,000 per month to Areu Bros for a master lease of the studio. Additionally, Cinelease provides an advance of $2,800,000 against future rentals at the facility. The advance will be repaid by production rentals with Areu Bros Studios getting credit for 80% of each rental dollar.

*It should be noted that we were not provided a copy of the lease agreement and have relied on the information provided to us.*

## Operating Expense Comparables

The method of reporting from studio asset to asset varies, and we have consolidated operating statements from various studio assets into a standard chart of accounts. What is most relevant is the operating expense ratios expressed as a percentage of EGI. Based on our conclusions, the subject's operating expense ratio in Year 3, the first year of stabilization, is 51 percent, which is supported by the comparable data.

| Expenses | Comparable 1 | | Comparable 2 | | Comparable 3 | | Comparable 4 | |
|---|---|---|---|---|---|---|---|---|
| Real Estate Taxes | $ 11.20 | 12.50% | $ 2.65 | 5.30% | $ 2.66 | 5.30% | $ 0.39 | 2.60% |
| Insurance | $ 0.86 | 1.00% | $ 0.36 | 0.70% | $ 1.39 | 2.80% | $ 0.58 | 3.86% |
| Utilities | $ 5.55 | 6.20% | $ 0.43 | 0.90% | $ 4.05 | 8.10% | $ 0.20 | 1.33% |
| Administrative | $ 2.15 | 2.40% | $ 1.16 | 2.30% | $ 1.44 | 2.90% | $ 1.21 | 8.06% |
| Repairs & Maintenance | $ 7.72 | 8.60% | $ 2.34 | 4.70% | $ 0.92 | 1.80% | $ 1.03 | 6.86% |
| Security | $ 4.23 | 4.70% | $ 0.19 | 0.40% | $ - | 0.00% | $ 0.72 | 4.80% |
| Janitorial | $ 7.60 | 8.50% | $ - | 0.00% | $ 5.07 | 10.10% | $ 0.04 | 0.27% |
| Management Fee | $ 3.85 | 4.30% | $ 1.97 | 4.00% | $ - | 0.00% | $ 0.60 | 4.00% |
| Parking | $ 0.46 | 0.50% | $ - | 0.00% | $ - | 0.00% | $ - | 0.00% |
| Stage Management | $ - | 0.00% | $ 1.84 | 3.70% | $ 4.75 | 9.50% | $ - | 0.00% |
| Lighting & Grip | $ - | 0.00% | $ 6.99 | 14.10% | $ 4.79 | 9.60% | $ - | 0.00% |
| Misc. Landlord | $ - | 0.00% | $ - | 0.00% | $ 2.75 | 5.50% | $ - | 0.00% |
| Payroll | $ 15.66 | 17.50% | $ 1.54 | 3.10% | $ 7.30 | 14.60% | $ 3.48 | 23.18% |
| Advertising & Promotion | $ - | 0.00% | $ 0.19 | 0.40% | $ 0.92 | 1.80% | $ - | 0.00% |
| **Total** | **$ 59.28** | **66.20%** | **$ 19.66** | **39.60%** | **$ 36.04** | **72.00%** | **$ 8.25** | **54.96%** |

Based on our analysis of the expense levels at comparable properties, we concluded that there is adequate support for our operating expense conclusions.

## Income and Expense Pro Forma

The following chart summarizes our opinion of income and expenses for year three, which is the first stabilized year in this analysis.

| SUMMARY OF REVENUE AND EXPENSES | | | | |
|---|---|---|---|---|
| **Stabilized Year For Direct Capitalization:** | | **Year Three** | | |
| **REVENUE** | **Assumptions** | **Annual** | **$/SF** | **% of EGI** |
| Production Revenue | | $2,557,463 | $14.46 | |
| Stage Revenue | | $1,435,245 | $8.12 | |
| Other Revenue | | $2,300,869 | $13.01 | |
| Expense Reimbursement | | $216,957 | $1.23 | |
| **POTENTIAL GROSS REVENUE** | | **$6,510,533** | **$36.82** | |
| Vacancy and Collection Loss | 15.00% | ($976,580) | ($5.52) | |
| **EFFECTIVE GROSS REVENUE** | | **$5,533,953** | **$31.30** | **100.00%** |
| **OPERATING EXPENSES** | | | | |
| Salaries & Benefits | | $937,946 | $5.30 | 0.17% |
| Insurance | | $112,554 | $0.64 | 0.02% |
| Utilities | | $273,188 | $1.55 | 0.05% |
| Janitorial | | $136,594 | $0.77 | 0.02% |
| Administrative | | $234,486 | $1.33 | 0.04% |
| Repairs & Maintenance | | $187,589 | $1.06 | 0.03% |
| Security Contract Labor | | $364,251 | $2.06 | 0.07% |
| Management Fees | | $221,358 | $1.25 | 0.04% |
| **Total Operating Expenses** | | $2,561,761 | **$14.49** | **46.29%** |
| Real Estate Taxes | | $381,550 | $2.16 | 6.89% |
| **TOTAL EXPENSES** | | **$2,943,310** | **$16.65** | **53.19%** |
| **NET OPERATING INCOME** | | **$2,590,643** | **$14.65** | **46.81%** |

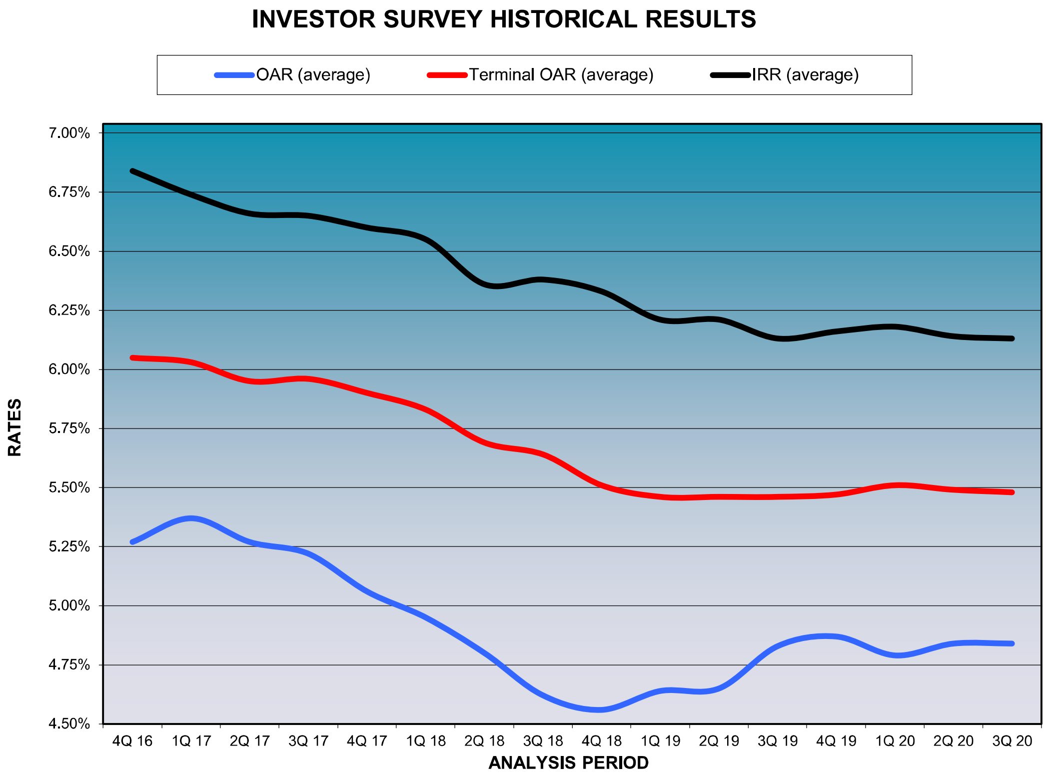
*Compiled by Cushman & Wakefield of Georgia, LLC*

## Investor Survey Trends

Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the PwC Real Estate Investor Survey published by PricewaterhouseCoopers.

**INVESTOR SURVEY HISTORICAL RESULTS**

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Survey:** | | | | | | | **PwC** | | | | | | | | **End Quarter:** | |
| **Property Type:** | | | | | | | **NATIONAL WAREHOUSE** | | | | | | | | **3Q 20** | |
| **Quarter** | **4Q 16** | **1Q 17** | **2Q 17** | **3Q 17** | **4Q 17** | **1Q 18** | **2Q 18** | **3Q 18** | **4Q 18** | **1Q 19** | **2Q 19** | **3Q 19** | **4Q 19** | **1Q 20** | **2Q 20** | **3Q 20** |
| OAR (average) | 5.27% | 5.37% | 5.27% | 5.22% | 5.06% | 4.95% | 4.80% | 4.62% | 4.56% | 4.64% | 4.65% | 4.83% | 4.87% | 4.79% | 4.84% | 4.84% |
| Terminal OAR (average) | 6.05% | 6.03% | 5.95% | 5.96% | 5.90% | 5.83% | 5.69% | 5.64% | 5.51% | 5.46% | 5.46% | 5.46% | 5.47% | 5.51% | 5.49% | 5.48% |
| IRR (average) | 6.84% | 6.74% | 6.66% | 6.65% | 6.60% | 6.55% | 6.36% | 6.38% | 6.33% | 6.21% | 6.21% | 6.13% | 6.16% | 6.18% | 6.14% | 6.13% |




Source: PwC Real Estate Investor Survey

## Capitalization Rate Analysis

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

## Capitalization Rate from Investor Surveys

We considered data extracted from the Investor Survey for institutional grade assets. Earlier in the report, we presented historical capitalization rates for the prior four-year period. The most recent information from this survey is listed in the following table:

| CAPITALIZATION RATES | | | |
|---|---|---|---|
| **Survey** | **Date** | **Range** | **Average** |
| PwC Institutional | Third Quarter 2020 | 3.40% - 7.00% | 4.84% |
| PwC Noninstitutional | Third Quarter 2020 | | 6.14% |

PwC Institutional - Refers to National Warehouse market regardless of class or occupancy
PwC Noninstitutional - Reflects the average rate for this property type, adjusted by the average premium

## Derivation of $R_o$ from Band of Investment

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment. Thus, we analyze capitalization rates for debt and equity.

The capitalization rate for debt is known as the mortgage constant ($R_M$); it is the ratio of annual debt service to the principal amount of the mortgage loan. A mortgage interest rate of 7.50 percent, coupled with an amortization term of 25 years, was employed to derive a mortgage constant of 8.87 percent. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment x 12}}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

The rate used to capitalize equity income is called the equity capitalization rate ($R_E$); it is the ratio of annual pre-tax cash flow (usually in the first year of the holding period) to the amount of the equity investment.

The $R_O$ indicated by the band of investment is a weighted average of the $R_M$ and $R_E$. Using the loan-to-value ratio (M) and the equity ratio (E or 1-M) the $R_O$ is calculated as follows:

$$R_O = (M \times R_M) + (E \times R_E)$$

### Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property,

and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

| MORTGAGE COMPONENT | |
|---|---|
| **TYPICAL LOAN TERMS** | |
| Mortgage Rate | 7.50% |
| Amortization Term (Years) | 25 |
| Number of Payments | 300 |
| Loan-to-Value Ratio (M) | 65.00% |
| Equity Ratio (E) | 35.00% |
| Mortgage Constant ($R_M$) | 8.87% |

*Compiled by Cushman & Wakefield of Georgia, LLC*

The preceding data are used in the development of an overall capitalization rate ($R_O$) for the subject property using the Band of Investment Technique.

### Equity Dividend Rate ($R_e$)

The Appraisal Institute defines equity dividend rate as an income rate that reflects the relationship between a single year's equity cash flow expectancy and the equity investment. Also known as the equity capitalization rate, cash on cash rate or cash flow rate, this rate is used to convert equity dividend into an equity value indication.

Our selected $R_E$ is as follows:

| EQUITY COMPONENT | |
|---|---|
| Equity Dividend Rate ($R_E$) | 7.00% |

*Compiled by Cushman & Wakefield of Georgia, LLC*

### Calculation of Overall Capitalization Rate ($R_O$)

The calculation of the overall capitalization rate ($R_O$) using the band of investment technique is as follows:

| $R_O$ BY BAND OF INVESTMENT | | |
|---|---|---|
| Mortgage Ratio | 65.00% | |
| Annual Mortgage Constant | 8.87% | |
| Mortgage Component | | 5.76% |
| | | |
| Equity Ratio | 35.00% | |
| Equity Dividend Rate | 7.00% | |
| Equity Component | | 2.45% |
| | | |
| **Indicated Overall Rate ($R_O$)** | | **8.21%** |

*Compiled by Cushman & Wakefield of Georgia, LLC*

### Capitalization Rates From Comparables

In addition to investor surveys, a nationwide search for independent film and television studios was conducted. Our search resulted in no truly comparable sales transacting within a 3 year timeframe. Studio assets are very rarely traded, and the sales information from Los Angeles assets over the past decade or so include sales of six assets for reference.

**STUDIO SALES**
**Overall Capitalization Rate Summary**

| Item | Property | Sale Date | OAR |
|---|---|---|---|
| 1a | Culver Studios | Mar-14 | 7.30% |
| 1b | Culver Studios | Withdrawn Late '07 | 7.50% |
| 1c | Culver Studios | Apr-04 | 10.14% |
| 2 | Tribune Studios | Jan-08 | 5.60% |
| 3 | NBC Studios Burbank | Dec-07 | 7.56% |
| 4a | Sunset Gower Studios | Aug-07 | 5.15% |
| 4b | Sunset Gower Studios | Apr-04 | 9.41% |
| 5a | The Lot (Warner Hollywood) | Jul-07 | N/A |
| 5b | The Lot (Warner Hollywood) | Apr-04 | 9.23% |
| 6a | Manhattan Beach Studios | Jun-07 | 7.23% |
| 6b | Manhattan Beach Studios | Nov-04 | 10.63% |

Source: Cushman & Wakefield

Absent reliable studio sales data either locally or nationally, we also considered sales of industrial or flex assets, which are somewhat similar to the subject sound stages in terms of physical characteristics, and could be a potential alternative use for the subject campus – particularly the sound stages. In the Atlanta MSA, we reviewed the terms of nine sales that closed since January, 1 2020 that were at least 20,000 square feet in size and were constructed since 1985. The details of these transactions are maintained in our files. Reported capitalization rates ranged from 5.00 to 8.76 percent, with an average of 7.66 percent and median of 8.00 percent.

## Capitalization Rate Conclusion

Based on the limited available data, and our attempt to triangulate an appropriate capitalization rate for the subject considering its market position, we considered the following factors:

| | | |
|---|---|---|
| Quality of the Improvements/Marketability: Average | | Moderate Risk |
| Strength of Market | Primary Location | Low Risk |
| Durability of Demand | Tax Credit Risk/Volatile | Moderate Risk |
| Quality of Tenant Base | Average to Good | Moderate Risk |
| Depth of Buyer Base | Limited/Specialized | High Risk |

Overall, the subject asset represents a moderate risk investment due to its location in a secondary market, and moreover, the specialized nature of the asset which limits the pool of capitalized buyers seeking to invest in an asset like the subject. Based on the data we have considered, we have determined a capitalization rate in the range of 7.5 to 9.0 percent for the subject studio is the likely range achievable in the marketplace. We concluded near the middle of the range, or 8.0 percent in our analysis.

We considered all aspects of the subject property that would influence the overall rate.

We considered OARs indicated by sales of comparable properties, national investor surveys, and the band of investment technique. The indications from these various sources are:

| CAPITALIZATION RATE SUMMARY | |
|---|---|
| Comparable Sales | 5.15% - 10.63% |
| PwC Institutional | 4.84% |
| PwC Noninstitutional | 6.14% |
| Band-of-Investment | 8.21% |
| Conclusion | 8.50% |

*Compiled by Cushman & Wakefield of Georgia, LLC*

We believe that data derived from our discussions with market participants most clearly reflects current market parameters. Given the property attributes and prevailing market return rates, we conclude that an 8.50 percent OAR is applicable to the subject NOI forecast. The rate selected is supported by the investor surveys, sales comparables, and band of investment technique.

## Direct Capitalization Method Conclusion

In the Direct Capitalization Method, we developed an opinion of market value by dividing year one net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

| DIRECT CAPITALIZATION METHOD | | |
|---|---|---|
| **Prospective Market Value Upon Stabilization** | | |
| **NET OPERATING INCOME** | **$2,590,643** | **$14.65** |
| **Sensitivity Analysis (0.50% OAR Spread)** | **Value** | **$/SF NRA** |
| Based on Low-Range of 8.00% | $32,383,036 | $183.14 |
| Based on Most Probable Range of 8.50% | $30,478,151 | $172.37 |
| Based on High-Range of 9.00% | $28,784,921 | $162.79 |
| **Indicated Value** | $30,478,151 | $172.37 |
| **LESS** Cash Flow Differential | ($5,000,000) | ($28.28) |
| **Adjusted Value** | $25,478,151 | $144.09 |
| **Rounded to nearest $100,000** | **$25,500,000** | **$144.21** |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## Adjustments to Preliminary Value

We used the Direct Capitalization method to determine the value in use as stabilized of the subject property. From that value, we made certain adjustments, which are described as follows:

### Cash Flow Differential Calculation

The preceding analysis for the subject property considers the property upon stabilization. To develop an indication of the as is value of the subject, we deducted the difference in value indicated by the two discounted cash flow valuations developed in the Income Capitalization Approach for the subject. The cash flow differential is calculated as follows:

| CASH FLOW DIFFERENTIAL | |
|---|---|
| | **Value** |
| DCF Results "As Stabilized" | $30,800,000 |
| DCF Results "As Is" | $25,800,000 |
| Equals: Cash Flow Differential | $5,000,000 |

By deducting this cash flow differential, we are encapsulating all of the lease-up costs which occur during the initial few years of the investment holding period, such as expense carry and rent loss due to the vacancy during lease-up.

## Yield Capitalization Method - General Cash Flow Assumptions

The following section outlines the assumptions used in the Yield Capitalization analysis.

We modeled the cash flow for the subject property using Excel software using the following assumptions.

1) Holding Period - The cash flow projections were modeled on a fiscal year basis beginning October 1, 2020 for a 10-year holding period.

2) Income Projections – We modeled in market rental rates as discussed previous for the sound stage and production rates. Additionally, we estimated Other Revenue at $1,000 per day, which in-line with the subject’s actual other realized revenue. We also assumed a potential of 730 days (2 productions at any given time X 365 days per year).

3) Growth Projections -

| | |
|---|---|
| Market Rent: | 2.5% Annually |
| Operating Expenses: | 3.0% Annually |
| Real Estate Taxes: | 3.0% Annually |
| Other Income: | 2.5% Annually |

4) Vacancy and Collection Loss/Absorption - The subject is currently leased. Utilization was addressed previously. We ramped up to a stabilized 75 percent market based utilization rate for all income producing space throughout our analysis. We also applied a 15 percent vacancy/collection loss to all income sources including stage rental revenue, for an effective revenue utilization of 60 percent.

5) Leasing Commissions – Consistent with market standards for production office and soundstage space, no leasing commissions were deducted.

6) Reversion - The reversionary sales price was calculated by applying a capitalization rate of 9.0 percent to the 11th year's net operating income. Following a 1.0 percent cost of sale deduction, the reversion price was added to the previous year's cash flow prior to discounting.

The following information was extracted from the PwC Investor Survey and was used to help determine our growth rate assumptions.

| OTHER INVESTOR SURVEY INFORMATION | | | |
|---|---|---|---|
| **Survey** | **Data** | **Range** | **Average** |
| PwC Institutional Third Quarter 2020 | Rent Change Rate | 0.00% - 5.00% | 0.57% |
| | Expense Change Rate | 0.00% - 4.00% | 2.23% |

PwC Institutional - Refers to National Warehouse market regardless of class or occupancy

## Financial Assumptions

The financial assumptions used in the Yield Capitalization process are discussed in the following commentary.

### Terminal Capitalization Rate Selection

A terminal capitalization rate was used to develop an opinion of the market value of the property at the end of the assumed investment holding period. The rate is applied to the net operating income following year -1 before making deductions for leasing commissions, tenant improvement allowances and reserves for replacement. We developed an opinion of an appropriate terminal capitalization rate based on rates in current investor surveys.

| TERMINAL CAPITALIZATION RATES ($OAR_{out}$) | | | |
|---|---|---|---|
| **Survey** | **Date** | **Range** | **Average** |
| PwC Institutional | Third Quarter 2020 | 4.50% - 7.00% | 5.48% |
| PwC Noninstitutional | Third Quarter 2020 | | 6.78% |

PwC Institutional - Refers to National Warehouse market regardless of class or occupancy
PwC Noninstitutional - Reflects the average rate for this property type, adjusted by the average premium

Investors will typically use a slightly more conservative overall rate when exiting an investment versus the rate that would be used going into the investment. This accounts both for the aging associated with the improvements over the course of the holding period, and for any unforeseen risks that might arise over that time period.

As a result, we applied a terminal rate of 9.00 percent in our analysis. This rate is 200 basis points above the overall rate going into the investment, which is considered reasonable.

### Reversionary Sales Costs

We estimated the cost of sale at the time of reversion to be 1.00 percent, which is in keeping with local market practice.

### Discount Rate Selection

We developed an opinion of future cash flows, including property value at reversion, and discounted that income stream at an internal rate of return (IRR) currently required by investors for similar-quality real property. The IRR (also known as yield) is the single rate that discounts all future equity benefits (cash flows and equity reversion) to an opinion of net present value.

The PwC Investor survey indicates the following internal rates of return for competitive properties:

| DISCOUNT RATES (IRR) | | | |
|---|---|---|---|
| **Survey** | **Date** | **Range** | **Average** |
| PwC Institutional | Third Quarter 2020 | 5.25% - 7.50% | 6.13% |
| PwC Noninstitutional | Third Quarter 2020 | | 8.23% |

PwC Institutional - Refers to National Warehouse market regardless of class or occupancy
PwC Noninstitutional - Reflects the average rate for this property type, adjusted by the average premium

The above table summarizes the investment parameters of some of the most prominent investors currently acquiring similar investment properties in the United States. We realize that this type of survey reflects target rather than transactional rates. Transactional rates are usually difficult to obtain in the verification process and are actually only target rates of the buyer at the time of sale. The property's performance will ultimately determine the actual yield at the time of sale after a specific holding period.

We previously discussed all factors that would influence our selection of a discount rate for the subject property. Given all of these factors, we discounted our cash flow and reversionary value projections at an internal rate of return of 10.00 percent.

### Yield Capitalization Method Conclusion

Our cash flow projection and valuation matrix are presented at the end of this section.

| | | | | | Stabilized Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| For the Years Beginning | | | Oct-20 | Oct-21 | Oct-22 | Oct-23 | Oct-24 | Oct-25 | Oct-26 | Oct-27 | Oct-28 | Oct-29 | Oct-30 |
| For the Years Ending | | | Sep-21 | Sep-22 | Sep-23 | Sep-24 | Sep-25 | Sep-26 | Sep-27 | Sep-28 | Sep-29 | Sep-30 | Sep-31 |
| TOTAL REVENUE | **Year 1 $/SF** | **Year 3 $/SF** | | | | | | | | | | | |
| Production Revenue | **$7.50** | **$15.38** | $811,410 | $1,663,391 | $2,557,463 | $2,621,399 | $2,686,934 | $2,754,108 | $2,822,961 | $2,893,535 | $2,965,873 | $3,040,020 | $3,116,020 |
| Stage Revenue | **$9.00** | **$18.45** | $455,362 | $933,493 | $1,435,245 | $1,471,126 | $1,507,904 | $1,545,602 | $1,584,242 | $1,623,848 | $1,664,444 | $1,706,055 | $1,748,706 |
| Other Revenue | **$4.13** | **$8.46** | $730,000 | $1,496,500 | $2,300,869 | $2,358,390 | $2,417,350 | $2,477,784 | $2,539,729 | $2,603,222 | $2,668,302 | $2,735,010 | $2,803,385 |
| TOTAL POTENTIAL GROSS REVENUE | **$11.29** | **$23.15** | $1,996,772 | $4,093,383 | $6,293,576 | $6,450,916 | $6,612,189 | $6,777,493 | $6,946,931 | $7,120,604 | $7,298,619 | $7,481,085 | $7,668,112 |
| Expense Reimbursement | | | $154,718 | $159,360 | $216,957 | $223,466 | $230,170 | $237,075 | $244,187 | $251,513 | $259,058 | $266,830 | $274,835 |
| Vacancy & Collection Loss | **15.00%** | | $0 | $0 | ($976,580) | ($1,001,157) | ($1,026,354) | ($1,052,185) | ($1,078,668) | ($1,105,817) | ($1,133,652) | ($1,162,187) | ($1,191,442) |
| EFFECTIVE GROSS REVENUE | | | 2,151,490 | 4,252,743 | 5,533,953 | 5,673,224 | 5,816,005 | 5,962,383 | 6,112,450 | 6,266,299 | 6,424,025 | 6,585,727 | 6,751,504 |
| OPERATING EXPENSES | **Year 1 $/SF** | **Year 3 $/SF** | | | | | | | | | | | |
| Salaries & Benefits | **$5.00** | **$5.15** | $884,104 | $910,627 | $937,946 | $966,084 | $995,067 | $1,024,919 | $1,055,666 | $1,087,336 | $1,119,956 | $1,153,555 | $1,188,162 |
| Insurance | **$0.60** | **$0.62** | $106,092 | $109,275 | $112,554 | $115,930 | $119,408 | $122,990 | $126,680 | $130,480 | $134,395 | $138,427 | $142,579 |
| Utilities | **$2.00** | **$1.03** | $176,821 | $182,125 | $273,188 | $281,384 | $289,825 | $298,520 | $307,476 | $316,700 | $326,201 | $335,987 | $346,067 |
| Janitorial | **$1.00** | **$0.52** | $88,410 | $91,063 | $136,594 | $140,692 | $144,913 | $149,260 | $153,738 | $158,350 | $163,100 | $167,993 | $173,033 |
| Equipment Rental / Other | **$0.50** | **$0.52** | $88,410 | $91,063 | $93,795 | $96,608 | $99,507 | $102,492 | $105,567 | $108,734 | $111,996 | $115,356 | $118,816 |
| General & Administrative | **$1.25** | **$1.29** | $221,026 | $227,657 | $234,486 | $241,521 | $248,767 | $256,230 | $263,917 | $271,834 | $279,989 | $288,389 | $297,040 |
| Repairs & Maintenance | **$1.00** | **$1.03** | $176,821 | $182,125 | $187,589 | $193,217 | $199,013 | $204,984 | $211,133 | $217,467 | $223,991 | $230,711 | $237,632 |
| Security Contract Labor | **$2.00** | **$1.55** | $265,231 | $273,188 | $364,251 | $375,178 | $386,434 | $398,027 | $409,968 | $422,267 | $434,935 | $447,983 | $461,422 |
| Management Fees | **$0.49** | **$0.96** | $86,060 | $170,110 | $221,358 | $227,999 | $234,839 | $241,884 | $249,141 | $256,615 | $264,313 | $272,243 | $280,410 |
| Real Estate Taxes | **$2.03** | **$2.09** | $359,647 | $370,436 | $381,550 | $392,996 | $404,786 | $416,930 | $429,437 | $442,321 | $455,590 | $469,258 | $483,336 |
| TOTAL EXPENSES | **$15.87** | **$14.75** | $2,452,623 | $2,607,670 | $2,943,310 | $3,031,610 | $3,122,558 | $3,216,235 | $3,312,722 | $3,412,103 | $3,514,467 | $3,619,901 | $3,728,498 |
| Operating Expense Ratio | | | 114% | 61% | 53% | 53% | 54% | 54% | 54% | 54% | 55% | 55% | 55% |
| NET OPERATING INCOME | | | (301,132) | $1,645,073 | $2,590,643 | $2,641,614 | $2,693,446 | $2,746,148 | $2,799,728 | $2,854,196 | $2,909,559 | $2,965,826 | $3,023,007 |
| Capital Reserves | $0.20 | | $31,757 | $32,709 | $33,691 | $34,701 | $35,743 | $36,815 | $37,919 | $39,057 | $40,229 | $41,435 | $42,678 |
| TOTAL CAPITAL COSTS | | | $31,757 | $32,709 | $33,691 | $34,701 | $35,743 | $36,815 | $37,919 | $39,057 | $40,229 | $41,435 | $42,678 |
| CASH FLOW BEFORE DEBT SERVICE | | | ($332,889) | $1,612,364 | $2,556,952 | $2,606,913 | $2,657,704 | $2,709,333 | $2,761,809 | $2,815,139 | $2,869,330 | $2,924,391 | $2,980,328 |
| Implied Overall Rate | | | -1.17% | 6.37% | 10.04% | 10.24% | 10.44% | 10.64% | 10.85% | 11.06% | 11.27% | 11.49% | 11.71% |
| Cash on Cash Return | | | -1.29% | 6.25% | 9.91% | 10.10% | 10.30% | 10.50% | 10.70% | 10.91% | 11.12% | 11.33% | 11.55% |

| Direct Cap Yr 3 | |
|---|---|
| **8.50% $** | **30,478,151** |

### Yield Capitalization – As Is

The results of the Yield Capitalization analysis are presented in the following:

| PRICING MATRIX - Market Value As-Is | | | | | |
|---|---|---|---|---|---|
| Terminal | Discount Rate | | | | |
| Cap Rates | 9.50% | 9.75% | 10.00% | 10.25% | 10.50% |
| 8.50% | $ 27,541,939 | $ 27,045,776 | $ 26,560,641 | $ 26,086,252 | $ 25,622,338 |
| 8.75% | $ 27,136,014 | $ 26,649,003 | $ 26,172,794 | $ 25,707,110 | $ 25,251,687 |
| 9.00% | $ 26,752,640 | $ 26,274,273 | $ 25,806,494 | $ 25,349,032 | $ 24,901,628 |
| 9.25% | $ 26,389,989 | $ 25,919,799 | $ 25,459,994 | $ 25,010,309 | $ 24,570,492 |
| 9.50% | $ 26,046,425 | $ 25,583,981 | $ 25,131,730 | $ 24,689,414 | $ 24,256,783 |
| Cost of Sale at Reversion: | | | 1.00% | | |
| Percent Residual: | | | 45.16% | | |
| **Rounded to nearest $100,000** | | | **$25,800,000** | | |

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at $25,800,000, rounded. The reversion contributes 45.16 percent to this value estimate.

### Yield Capitalization – As Stabilized

The results of the Yield Capitalization analysis are presented in the following:

| PRICING MATRIX - Value in Use (Going Concern As Stabilized) | | | | | |
|---|---|---|---|---|---|
| Terminal | Discount Rate | | | | |
| Cap Rates | 9.00% | 9.25% | 9.50% | 9.75% | 10.00% |
| 8.50% | $ 32,692,724 | $ 32,229,873 | $ 31,775,623 | $ 31,329,789 | $ 30,892,190 |
| 8.75% | $ 32,187,859 | $ 31,734,177 | $ 31,288,909 | $ 30,851,873 | $ 30,422,895 |
| 9.00% | $ 31,711,042 | $ 31,266,019 | $ 30,829,234 | $ 30,400,509 | $ 29,979,672 |
| 9.25% | $ 31,259,999 | $ 30,823,167 | $ 30,394,406 | $ 29,973,542 | $ 29,560,407 |
| 9.50% | $ 30,832,695 | $ 30,403,623 | $ 29,982,464 | $ 29,569,048 | $ 29,163,208 |
| Cost of Sale at Reversion: | | | 1.00% | | |
| Percent Residual: | | | 43.52% | | |
| **Rounded to nearest $100,000** | | | **$30,800,000** | | |

Based on the rates selected, the value via the Yield Capitalization analysis is estimated at $30,800,000, rounded. The reversion contributes 43.52 percent to this value estimate.

## Reconciliation within the Income Capitalization Approach

The following is a summary of our concluded values in the Income Capitalization Approach:

| INCOME CAPITALIZATION APPROACH CONCLUSION | | | | |
|---|---|---|---|---|
| Methodology | Market Value As-Is | PSF | Going Concern As Stabilized | PSF |
| Yield Capitalization | $25,800,000 | $145.91 | $30,800,000 | $174.19 |
| Direct Capitalization | $25,500,000 | $144.21 | $30,500,000 | $172.49 |
| **Income Approach Conclusion** | **$25,000,000** | **$141.39** | **$30,700,000** | **$173.62** |

*Compiled by Cushman & Wakefield of Georgia, LLC*

# Reconciliation and Final Value Opinion

## Valuation Methodology Review and Reconciliation

This appraisal employs the Cost Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches should be considered applicable and/or necessary for market participants. Because the subject property is a specialized land use, public information regarding sale transaction details is generally insufficient to provide a reliable foundation for a value estimate. Therefore, we have not employed the Sales Comparison Approach to develop an opinion of market value. The exclusion of this approach to value does not reduce the credibility of the assignment results.

The approaches indicated the following:

| FINAL VALUE RECONCILIATION | | | | |
|---|---|---|---|---|
| | **Market Value As-Is** | **PSF** | **Going Concern As Stabilized** | **PSF** |
| **Date of Value** | **September 30, 2020** | | **October 1, 2023** | |
| **Cost Approach** | | | | |
| **Conclusion (GBA SF)** | $22,400,000 | $108.87 | N/A | N/A |
| **Income Capitalization Approach** | | | | |
| Yield Capitalization | $25,800,000 | $145.91 | $30,800,000 | $174.19 |
| Direct Capitalization | $25,500,000 | $144.21 | $30,500,000 | $172.49 |
| **Conclusion** | $25,700,000 | $145.34 | $30,700,000 | $173.62 |
| **Final Value Conclusion** | **$25,700,000** | **$145.34** | **$30,700,000** | **$173.62** |

*Compiled by Cushman & Wakefield of Georgia, LLC*

We gave most weight to the Cost and Income Capitalization Approaches because, as discussed previously, this mirrors the methodology used by purchasers of this property type.

| Value Conclusions | | | |
|---|---|---|---|
| **Appraisal Premise** | **Real Property Interest** | **Date of Value** | **Value Conclusion** |
| Market Value As-Is | Fee Simple | September 30, 2020 | $25,700,000 |
| *Allocated to Real Estate* | Fee Simple | September 30, 2020 | $22,400,000 |
| *Allocated to FF&E* | Fee Simple | September 30, 2020 | $0 |
| *Allocated to Business Enterprise* | Going Concern | September 30, 2020 | $3,300,000 |
| Value in Use (Stabilized - Going Concern) | Going Concern | October 01, 2023 | $30,700,000 |

*Compiled by Cushman & Wakefield of Georgia, LLC*

## Extraordinary Assumptions

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

The prospective going concern estimate is based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property is completed and/or achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective date of value, except for those identified within the report.

We did not physically inspect the subject property and assume the improvements to be in good condition consistent with the last time we physically inspected the property in 2019.

## Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

### Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately twelve-twenty four (12-24) months. This assumes an active and professional marketing plan would have been employed by the current owner.

# Assumptions and Limiting Conditions

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"Cushman & Wakefield" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of Cushman & Wakefield who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor Cushman & Wakefield shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of Cushman & Wakefield any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of Cushman & Wakefield is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without Cushman & Wakefield's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by Cushman & Wakefield in writing to use or rely thereon, hereby agrees to indemnify and hold Cushman & Wakefield, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. Cushman & Wakefield assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. Cushman & Wakefield recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and Cushman & Wakefield make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. Cushman & Wakefield recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. Cushman & Wakefield recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of Cushman & Wakefield, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against Cushman & Wakefield or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by Cushman & Wakefield or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and Cushman & Wakefield, its employees and the Appraiser have no liability to such recipients. Cushman & Wakefield disclaims any and all liability to any party other than the party that retained Cushman & Wakefield to prepare the Report.
- Any estimate of insurable replacement cost/insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

## Certification

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- James O'Neil, MAI and C. Clayton Davie, MRICS, MAI did not make a personal inspection of the property that is the subject of this report.
- James O'Neil, MAI has provided prior appraisal services twice within the three-year period immediately preceding acceptance of this assignment.
- C. Clayton Davie, MRICS, MAI has provided prior appraisal services twice within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, James O'Neil, MAI and C. Clayton Davie, MRICS, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
- This assignment was made subject to regulations of the State of Georgia Real Estate Appraisers Board. The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Georgia Real Estate Appraiser Classification and Regulation Act and the Rules and Regulations of the Georgia Real Estate Appraisers Board. The undersigned state certified appraiser has met the requirements of the board that allow this report to be regarded as a certified appraisal.

James O'Neil, MAI
Director
GA Certified General Appraiser
License No. CG359501
james.oneil@cushwake.com
404 460 8666 Office Direct

C. Clayton Davie, MRICS, MAI
Executive Managing Director
GA Certified General Appraiser
License No. CG006657
Clayton.Davie@cushwake.com
(404) 853-5232 Office Direct

# Addenda Contents

# Addendum A:
# Glossary of Terms & Definitions

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Sixth Edition (2015), published by the Appraisal Institute, Chicago, IL, as well as other sources.

## As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

## Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

## Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

## Depreciation

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

## Disposition Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

## Ellwood Formula

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is
RO = [YE – M (YE + P 1/Sn¬ – RM) – ΔO 1/S n¬] / [1 + ΔI J]
where
RO = Overall Capitalization Rate
YE = Equity Yield Rate
M = Loan-to-Value Ratio
P = Percentage of Loan Paid Off
1/S n¬ = Sinking Fund Factor at the Equity Yield Rate
RM =Mortgage Capitalization Rate
ΔO = Change in Total Property Value
ΔI = Total Ratio Change in Income

J = J Factor
Also called mortgage-equity formula.

## Exposure Time

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

## Extraordinary Assumption

An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

## Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

## Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

## Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

## Hypothetical Conditions

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

## Insurable Replacement Cost/Insurable Value

A type of value for insurance purposes.

## Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

## Intended User

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

## Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

## Leasehold Interest

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

## Liquidation Value

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

## Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## Market Value

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

## Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

## Mortgage-Equity Analysis

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

## Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

## Prospective Value upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

[1] "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

## Special, Unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

# Addendum B:
# Supporting Documents

# TAX BILL

**Arthur E. Ferdinand**
**Tax Commissioner**
**Fulton County, Georgia**

141 Pryor Street
Atlanta, Georgia 30303
(404) 613-6100

| Property Owner | Parcel Identification | Description | User ID |
|---|---|---|---|
| GOOD DEED 317 LLC | 14 -0228- LL-051-1 | Real Estate | IWR |

Tax District: 05Q - ATLANTA / CAMPBELLTON TAD

| Property Address | Account Number | Current Fair Market Value | Current Assessed Value |
|---|---|---|---|
| 2796 CONTINENTAL COLONY PARKWAY SOUTHWEST | 7037217 | 21,947,900 | 8,779,160 |

City Exemption:
County Exemption:
City Sales Tax Credit: $0.00
County Sales Tax Credit: $1,878.74

| Tax Year | Cycle | Principal Amount | Interest | Penalties/Fees | Paid | Total | Due Date |
|---|---|---|---|---|---|---|---|
| 2020 | Atlanta | 271,890.59 | 0.00 | 0.00 | 0.00 | 271,890.59 | 10/31/2020 |
| | County | 87,756.49 | 0.00 | 0.00 | 0.00 | 87,756.49 | 11/15/2020 |
| 2019 | Atlanta | 229,178.00 | 0.00 | 0.00 | 229,178.00 | 0.00 | 9/30/2019 |
| | County | 74,880.60 | 0.00 | 0.00 | 74,880.60 | 0.00 | 10/15/2019 |
| 2018 | Atlanta | 235,917.07 | 0.00 | 0.00 | 235,917.07 | 0.00 | 10/31/2018 |
| | County | 79,451.57 | 0.00 | 0.00 | 79,451.57 | 0.00 | 10/31/2018 |
| 2017 | Atlanta | 248,029.05 | 0.00 | 0.00 | 248,029.05 | 0.00 | 6/30/2018 |
| | County | 80,975.09 | 0.00 | 0.00 | 80,975.09 | 0.00 | 6/30/2018 |
| 2016 | Atlanta | 222,984.00 | 0.00 | 0.00 | 222,984.00 | 0.00 | 10/31/2016 |
| | County | 73,188.00 | 0.00 | 0.00 | 73,188.00 | 0.00 | 11/15/2016 |
| 2015 | Atlanta | 223,052.40 | 0.00 | 0.00 | 223,052.40 | 0.00 | 9/30/2015 |
| | County | 73,872.00 | 0.00 | 0.00 | 73,872.00 | 0.00 | 10/15/2015 |
| 2014 | Atlanta | 227,019.60 | 0.00 | 0.00 | 227,019.60 | 0.00 | 12/15/2014 |
| | County | 83,112.84 | 0.00 | 0.00 | 83,112.84 | 0.00 | 12/31/2014 |
| 2013 | Atlanta | 229,071.60 | 0.00 | 0.00 | 229,071.60 | 0.00 | 9/30/2013 |
| | County | 72,716.04 | 0.00 | 0.00 | 72,716.04 | 0.00 | 10/15/2013 |

Grand Total Due: $359,647.08

Mailing Address:
GOOD DEED 317 LLC
3133 CONTINENTAL COLONY PKWY SW
ATLANTA GA 30331

Property owners with current legal matters, such as bankruptcy or foreclosure, must contact the Tax Commissioner's office at (404) 613-6100 for the official balance due on their parcel(s).

Pay This Parcel | Sign up For E-Billing

# Areu Studios Cash Profit and Loss

**6 Months Ended June 30, 2020**

| | |
|---|---|
| **Revenues** | |
| Master lease | 917,700 |
| Production Space Rentals (other) | 0 |
| Production Space Rentals (Cinelease) | 959,354 |
| Commission to Cinelease (20% gross revenue) | (191,871) |
| **Net Revenues** | 1,685,183 |
| **Other Income** | 0 |
| **Total Income** | 1,685,183 |
| | |
| **Expenses** | |
| Property Lease | 539,792 |
| TP Krog Interest | 0 |
| Repairs & Maint. | 70,604 |
| Equipment Rental | 0 |
| Furniture and Fixtures | 12,119 |
| Insurance | 0 |
| Utilities - Power | 115,113 |
| Utilities - Gas | 12,987 |
| Utilities -Water | 9,526 |
| Utilities - Phone/Internet | 28,164 |
| Security | 163,904 |
| Waste Management | 3,318 |
| HVAC Service contract | 37,370 |
| Pest Control | 4,950 |
| Directv | 1,229 |
| Licenses-Business, Other | 970 |
| Payroll Service | 649 |
| Office Expenses | 6,907 |
| Miscellaneous Expense | 2,345 |
| Compensation | 388,053 |
| Healthcare | 67,471 |
| Travel & Entertainment | 39,950 |
| Marketing/Promo/Website | 22,581 |
| Accounting | 4,500 |
| Legal & Professonal | 123,561 |
| **Total Expenses** | 1,656,063 |
| | |
| **Profit / (Loss) Before Depreciation** | 29,120 |

# Areu Studios Cash Profit and Loss

**12 Months Ended December 31, 2019**

| | |
|---|---|
| **Revenues** | |
| Master lease | 1,490,000 |
| Production Space Rentals (other) | 14,380 |
| Production Space Rentals (Cinelease) | 1,501,412 |
| Commission to Cinelease (20% gross revenue) | (277,402) |
| **Total Net Revenues** | 2,728,389 |
| | |
| **Expenses** | |
| Property Lease | 1,470,000 |
| TP Krog Interest | 45,937 |
| Repairs & Maint. | 160,326 |
| Equipment Rental | 9,625 |
| Furniture and Fixtures | 128,523 |
| Insurance | 56,080 |
| Janitorial/Cleaning/Supplies | 10,719 |
| Utilities - Power | 234,937 |
| Utilities - Gas | 14,348 |
| Utilities -Water | 13,291 |
| Utilities - Phone/Internet | 36,764 |
| Security | 312,216 |
| Waste Management | 4,811 |
| HVAC Service contract | 111,287 |
| Pest Control | 4,950 |
| Directv | 3,336 |
| Licenses-Business, Other | 9,564 |
| Payroll Service | 301 |
| Office Expenses | 24,742 |
| Miscellaneous Expense | 66,809 |
| Compensation | 810,893 |
| Healthcare | 73,602 |
| Travel & Entertainment | 132,480 |
| Marketing/Promo/Website | 56,631 |
| Accounting | 25,060 |
| Legal & Professonal | 192,714 |
| **Total Expenses** | 4,009,946 |
| | |
| **Profit / (Loss) Before Depreciation** | (1,281,557) |

# Good Deed 317 LLC Cash Profit and Loss

**6 Months Ended June 30, 2020**

**100% Owned by Areu Studios LLC**

| | |
|---|---|
| **Rental Revenues** | |
| Master lease with Areu Studios | 539,792 |
| **Other Income** | |
| Gain on Sale of Land | 1,439,960 |
| **Total Income** | 1,979,752 |
| | |
| **Expenses** | |
| Real Estate Taxes | 5,559 |
| Insurance | 66,761 |
| LV Interest | 426,905 |
| TP Krog Interest | 0 |
| Miscellaneous | 13,630 |
| Repairs and Maintenance | 0 |
| **Total Expenses** | 512,855 |
| | |
| **Profit / (Loss)** | 1,466,897 |

# Good Deed 317 LLC Cash Profit and Loss
## 12 Months Ended December 31, 2019
### 100% Owned by Areu Studios LLC

| | |
|---|---|
| **Revenues** | |
| Master lease with Areu Studios | 1,470,000 |
| **Total Revenues** | 1,470,000 |
| **Expenses** | |
| Real Estate Taxes | 338,643 |
| Insurance | 48,499 |
| LV Interest | 1,320,000 |
| TP Krog Interest | 91,876 |
| Miscellaneous | 280 |
| Repairs and Maintenance | 0 |
| **Total Expenses** | 1,799,298 |
| **Profit / (Loss)** | (329,298) |

# Areu Studios/Good Deed 317 Monthly Cash Projections 2019

| | Jan | Feb | March | April | May | June | July | Aug | Sept. | Oct | Nov | Dec | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rentals-Stages, Office, Backlot** | 0 | 0 | 0 | 32,500 | 0 | 132,804 | 192,782 | 244,793 | 225,475 | 308,606 | 45,651 | 158,570 | 1,341,181 |
| Revenue | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | |
| Master Lease Cinelease | 0 | 0 | 0 | 290,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 1,490,000 |
| Cinelease Attributed Rentals | 0 | 0 | 0 | 32,500 | 0 | 132,804 | 192,782 | 244,793 | 225,475 | 308,606 | 45,651 | 158,500 | 1,341,111 |
| Cinelease Rental Remittance | 0 | 0 | 0 | (32,500) | 0 | (132,804) | (192,782) | (244,793) | (225,475) | (308,606) | (45,651) | (158,500) | (1,341,111) |
| Rent Share after Adv. Recoup. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Stage / Office Rental | 0 | 9,380 | 5,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,380 |
| Add. Serv., Reimburse., Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Exp. Recovery from Productions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Cash Received | 0 | 9,380 | 5,000 | 290,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 1,504,380 |
| Expenses | | | | | | | | | | | | | |
| Property Lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LV Interest | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 | 0 | 220,000 | 1,320,000 |
| TP Krog Interest | 0 | 0 | 45,937 | 0 | 0 | 45,937 | 0 | 0 | 45,938 | 0 | 0 | 0 | 137,812 |
| Real Estate Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 235,238 | 103,405 | 0 | 0 | 338,643 |
| Furniture and Fixtures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 82,012 | 55,511 | 5,000 | 0 | 0 | 142,523 |
| Repairs & Maint. | 0 | 13,721 | 360 | 8,583 | 25,068 | 20,804 | 12,821 | 23,952 | 23,134 | 18,312 | 11,769 | 1,802 | 160,326 |
| Equipment Rental | 0 | 2,914 | 566 | 3,677 | 0 | 0 | 0 | 0 | 2,468 | 0 | 0 | 0 | 9,625 |
| Insurance | 15,797 | 7,899 | 8,292 | 24,092 | 0 | 7,899 | 7,899 | 7,899 | 7,899 | 7,504 | 0 | 9,399 | 104,579 |
| Janitorial/Cleaning/Supplies | 931 | 0 | 0 | 2,234 | 0 | 1,185 | 0 | 3,461 | 2,908 | 0 | 0 | 0 | 10,719 |
| Utilities - Power | 46,352 | 0 | 24,819 | 11,915 | 11,134 | 15,841 | 18,035 | 25,214 | 27,857 | 30,170 | 23,600 | 0 | 234,937 |
| Utilities - Gas | 0 | 0 | 1,294 | 4,108 | 1,465 | 1,278 | 1,249 | 1,245 | 1,255 | 1,194 | 1,260 | 0 | 14,348 |
| Utilities -Water | 0 | 0 | 1,999 | 55 | 523 | 391 | 784 | 1,996 | 1,980 | 2,619 | 2,944 | 0 | 13,291 |
| Utilities - Phone/Internet | 0 | 0 | 0 | 6,558 | 2,787 | 2,306 | 8,669 | 3,000 | 4,614 | 2,707 | 6,123 | 0 | 36,764 |
| Security | 30,993 | 21,012 | 0 | 69,077 | 34,200 | 34,692 | 21,012 | 41,040 | 29,277 | 19,970 | 10,943 | 0 | 312,216 |
| Waste Management | 0 | 0 | 395 | 295 | 546 | 548 | 100 | 804 | 801 | 806 | 516 | 0 | 4,811 |
| HVAC Johnson Controls | 0 | 0 | 24,667 | 12,334 | 12,333 | 12,333 | 12,333 | 12,621 | 12,333 | 12,333 | 0 | 0 | 111,287 |
| Pest Control | 0 | 0 | 0 | 0 | 0 | 0 | 1,100 | 0 | 1,100 | 1,100 | 1,650 | 0 | 4,950 |
| Directv | 0 | 1,269 | 0 | 291 | 163 | 314 | 202 | 286 | 561 | 226 | 24 | 0 | 3,336 |
| Licenses-Business, Other | 0 | 0 | 2,581 | 2,906 | 0 | 1,016 | 0 | 0 | 2,488 | 150 | 0 | 423 | 9,564 |
| Payroll Service | 0 | 0 | 301 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 301 |
| Office Expenses | 0 | 0 | 0 | 9,473 | 2,513 | 3,526 | 3,569 | 5,813 | 6,429 | 2,426 | 685 | 692 | 35,126 |
| Miscellaneous Expense | 2,263 | 30 | 7,750 | 16,690 | 6,491 | 4,030 | 1,537 | 6,720 | 7,687 | 15,430 | 6,754 | 337 | 75,719 |
| Employee Compensation | 81,719 | 19,390 | 28,116 | 36,641 | 97,150 | 136,298 | 77,790 | 44,647 | 90,002 | 72,960 | 43,646 | 60,447 | 788,806 |
| Healthcare | 0 | 10,316 | 5,170 | 10,291 | 5,170 | 5,158 | 7,621 | 11,586 | 9,145 | 0 | 9,145 | 0 | 73,602 |
| Travel & Ent., Business Dev. | 0 | 0 | 2,200 | 5,234 | 34,718 | 13,272 | 16,538 | 9,516 | 36,500 | 21,995 | 3,992 | 5,065 | 149,030 |
| Marketing/Promo/Website | 0 | 0 | 173 | 30,443 | 150 | 0 | 10,000 | 0 | 15,656 | 208 | 0 | 0 | 56,630 |
| Accounting | 0 | 0 | 0 | 30 | 30 | 0 | 0 | 0 | 25,000 | 0 | 0 | 0 | 25,060 |
| Barker Retainer | 0 | 0 | 0 | 31,782 | 0 | 0 | 0 | 59,180 | 0 | 0 | 0 | 0 | 90,962 |
| Legal & Professonal | 11,687 | 0 | 6,750 | 49,067 | 15,815 | 31,650 | 28,369 | 51,927 | 63,372 | 19,448 | 21,068 | 1,225 | 300,378 |
| Total Expenses | 299,742 | 186,551 | 271,370 | 445,776 | 360,256 | 448,478 | 339,628 | 502,919 | 819,153 | 447,963 | 144,119 | 299,390 | 4,565,345 |
| Net Cash Flow | (299,742) | (177,171) | (266,370) | (155,776) | (210,256) | (298,478) | (189,628) | (352,919) | (669,153) | (297,963) | 5,881 | (149,390) | (3,060,965) |

# Areu Studios Monthly Cash Flows 2020

| Rentals stages, offfice, backlot | 0 | 249,459 | 246,959 | 246,959 | 0 | 213,477 | 213,477 | 213,477 | 246,959 | 246,959 | 213,477 | 106,738 | 2,197,941 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Jan** | **Feb** | **March** | **April** | **May** | **June** | **July** | **Aug** | **Sept.** | **Oct** | **Nov** | **Dec** | **Total** |
| Revenue | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Projected | Projected | Projected | Projected | |
| Master Lease Cinelease | 150,000 | 150,000 | 154,200 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 1,844,700 |
| Cinelease Attributed Rentals | 0 | 249,459 | 246,959 | 246,959 | 0 | 213,477 | 213,477 | 213,477 | 246,959 | 246,959 | 213,477 | 106,738 | 2,197,941 |
| Cinelease Rental Remittance | 0 | (249,459) | (246,959) | (246,959) | 0 | (213,477) | (213,477) | (213,477) | (246,959) | (246,959) | (213,477) | (106,738) | (2,197,941) |
| Other - Reimbursements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 150,000 | 150,000 | 154,200 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 1,844,700 |
| Expenses | | | | | | | | | | | | | |
| Property Lease | 159,400 | 0 | 150,000 | 100,833 | 0 | 129,559 | 115,238 | 8,500 | 150,000 | 150,000 | 150,000 | 150,000 | 1,263,530 |
| TP Krog Interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repairs & Maint. | 28,045 | 11,019 | 4,712 | 19,269 | 380 | 7,179 | 316 | 1,179 | 20,000 | 20,000 | 20,000 | 20,000 | 152,099 |
| Equipment Rental | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 4,000 |
| Furniture and Fixtures | 12,119 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,119 |
| Insurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,559 | 0 | 0 | 0 | 0 | 1,559 |
| Utilities - Power | 40,998 | 17,759 | 21,709 | 0 | 17,836 | 16,811 | 34,549 | 21,792 | 25,000 | 25,000 | 25,000 | 25,000 | 271,454 |
| Utilities - Gas | 3,572 | 1,721 | 1,896 | 0 | 1,671 | 4,127 | 0 | 1,256 | 1,500 | 1,500 | 1,500 | 1,500 | 20,243 |
| Utilities -Water | 4,313 | 880 | 1,687 | 0 | 1,999 | 647 | 0 | 1,584 | 1,500 | 1,500 | 1,500 | 1,500 | 17,110 |
| Utilities - Phone/Internet | 8,417 | 1,500 | 7,126 | 1,500 | 2,700 | 6,921 | 0 | 5,058 | 4,600 | 4,600 | 4,600 | 4,600 | 51,622 |
| Security | 45,254 | 84,088 | 0 | 14,172 | 0 | 20,390 | 22,000 | 30,000 | 34,000 | 34,000 | 34,000 | 34,000 | 351,904 |
| Waste Management | 2,052 | 180 | 519 | 0 | 0 | 567 | 0 | 0 | 800 | 800 | 800 | 800 | 6,518 |
| HVAC Johnson Controls | 0 | 37,370 | 0 | 0 | 0 | 0 | 0 | 20,000 | 12,300 | 12,300 | 12,300 | 12,300 | 106,570 |
| Pest Control | 1,100 | 2,200 | 1,100 | 550 | 0 | 0 | 0 | 0 | 1,100 | 1,100 | 1,100 | 1,100 | 9,350 |
| Directv | 452 | 198 | 197 | 197 | 0 | 185 | 152 | 0 | 300 | 300 | 300 | 300 | 2,581 |
| Licenses-Business, Other | 0 | 200 | 0 | 78 | 347 | 345 | 0 | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 4,970 |
| Payroll Service | 109 | 108 | 108 | 108 | 108 | 108 | 109 | 109 | 100 | 100 | 100 | 100 | 1,267 |
| Office Expenses | 684 | 532 | 2,219 | 1,490 | 780 | 1,202 | 1,636 | 1,073 | 3,000 | 3,000 | 3,000 | 3,000 | 21,616 |
| Miscellaneous Expense | 101 | 370 | 1,250 | 440 | 122 | 62 | 729 | 603 | 3,000 | 3,000 | 3,000 | 3,000 | 15,677 |
| Employee Compensation | 59,095 | 87,521 | 68,769 | 61,531 | 59,266 | 51,871 | 29,487 | 30,646 | 77,000 | 77,000 | 77,000 | 77,000 | 756,186 |
| Healthcare | 27,206 | 13,678 | 2,919 | 11,834 | 11,834 | 0 | 8,310 | 0 | 11,800 | 11,800 | 11,800 | 11,800 | 122,981 |
| Travel & Ent., Business Dev. | 16,495 | 8,428 | 8,701 | 6,326 | 0 | 0 | 0 | 0 | 6,000 | 6,000 | 6,000 | 6,000 | 63,950 |
| Marketing/Promo/Website | 16,502 | 6,079 | 0 | 0 | 0 | 0 | 0 | 0 | 3,500 | 3,500 | 3,500 | 3,500 | 36,581 |
| Accounting | 4,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,000 | 1,000 | 1,000 | 1,000 | 28,500 |
| Barker Retainer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Legal & Professonal | 17,528 | 43,446 | 12,720 | 22,416 | 16,227 | 11,224 | 0 | 5,000 | 11,000 | 11,000 | 11,000 | 11,000 | 172,561 |
| Total Expenses | 447,942 | 317,277 | 285,632 | 240,744 | 113,270 | 251,198 | 212,526 | 128,359 | 389,500 | 369,500 | 369,500 | 369,500 | 3,494,948 |
| Net Cash Flow | (297,942) | (167,277) | (131,432) | (86,244) | 41,230 | (96,698) | (58,026) | 26,141 | (235,000) | (215,000) | (215,000) | (215,000) | (1,650,248) |

# Addendum C:
# Qualifications of the Appraisers

CUSHMAN & WAKEFIELD

**C. Clayton Davie, MAI, MRICS** Executive Managing Director
Valuation & Advisory
Cushman & Wakefield of Georgia, LLC

## Professional Expertise

Mr. Davie joined Valuation & Advisory at Cushman & Wakefield of Florida, Inc., in June of 1995. In April of 1998, Mr. Davie joined the Atlanta office of Cushman and Wakefield of Georgia, LLC

Appraisal and consulting assignments have included all major property types throughout the Southeast of the United States. Mr. Davie is qualified as an expert witness in superior courts throughout Georgia and has also been retained for bankruptcy litigation cases. Experience includes CBD office and suburban office buildings, neighborhood retail, regional and community shopping centers, leasehold valuations, apartments, going concern valuations, eminent domain, planned unit developments, residential condominium projects, manufacturing facilities, industrial flex properties and bulk warehouse distribution facilities.

## Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute (MAI # 11604). As of the current date, Clayton Davie, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
- Member, Royal Institution of Chartered Surveyors (MRICS Designation No. 1247092)
- Certified General Real Estate Appraiser in the following states:
  - Alabama – G00535
  - Florida – RZ0002083
  - Georgia – CG006657
  - North Carolina – A4656
  - South Carolina – CG4500
  - Tennessee – 2673
- Bachelor of Science – Business Administration, Florida State University

## Other Accomplishments and Awards

- Recipient of the Atlanta – Top Valuation & Advisory Services Professional Award (1999-2006)
- In March 2005 he was the recipient of Cushman & Wakefield's Valuation Service Excellence Award – Atlanta "for outstanding achievement in the pursuit of business performance excellence and client satisfaction."

## GEORGIA

# STATE OF GEORGIA

# REAL ESTATE APPRAISERS BOARD

**C (CHARLES) CLAYTON DAVIE**

**6657**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE
WILLIAM A. MURRAY

1237167371676505

---

C (CHARLES) CLAYTON DAVIE

| | |
|---|---|
| # | 6657 |
| Status | ACTIVE |

END OF RENEWAL
06/30/2021

CERTIFIED GENERAL REAL PROPERTY APPRAISER

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

1237167371676505

CUSHMAN & WAKEFIELD

**James M. O'Neil, MAI** Director

Valuation & Advisory
Cushman & Wakefield of Georgia, LLC

## Professional Expertise

James O'Neil is a Director within the Valuation & Advisory (V&A) Group at Cushman & Wakefield. Mr. O'Neil is also part of the specialty Financial Reporting Practice within V&A focusing on engagements involving real estate related consulting services, with a primary focus on valuation for financial reporting (GAAP & IFRS), including fair value measurements (ASC Topic 820), purchase price allocations (ASC Topic 805), capital leases (ASC Topic 840), and reorganizations (ASC Topic 852).

Prior to joining Cushman & Wakefield, Mr. O'Neil held a management position in the real estate valuation practice of KPMG LLP, where he consulted with real estate clients in a variety of industries, including hospitality, healthcare, retail, residential development, manufacturing, and financial services.

## Memberships, Licenses, Professional Affiliations and Education

- Designated Member, Appraisal Institute, as of the current date, James O'Neil, MAI has completed the requirements of the continuing education program of the Appraisal Institute
- Certified General Real Estate Appraiser in the following states:
  - Alabama – G001167
  - Florida – RZ3753
  - Georgia – CG359501
  - North Carolina – A7924
  - Tennessee – 5063
  - Texas – TX1380424G
  - Virginia – 4001017194
  - Washington – 1102476
- Master of Business Administration, The University of Mississippi
- Bachelor of Science, Finance and Real Estate, The University of Alabama

## GEORGIA

# STATE OF GEORGIA
# REAL ESTATE APPRAISERS BOARD

**JAMES ONEIL**

**359501**

IS AUTHORIZED TO TRANSACT BUSINESS IN GEORGIA AS A

**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THE PRIVILEGE AND RESPONSIBILITIES OF THIS APPRAISER CLASSIFICATION SHALL CONTINUE IN EFFECT AS LONG AS THE APPRAISER PAYS REQUIRED APPRAISER FEES AND COMPLIES WITH ALL OTHER REQUIREMENTS OF THE OFFICIAL CODE OF GEORGIA ANNOTATED, CHAPTER 43-39-A. THE APPRAISER IS SOLELY RESPONSIBLE FOR THE PAYMENT OF ALL FEES ON A TIMELY BASIS.

D. SCOTT MURPHY
Chairperson

JEFF A. LAWSON
Vice Chairperson

JEANMARIE HOLMES
KEITH STONE
WILLIAM A. MURRAY

1546233311334425

ONEIL, JAMES M.
3340 S BAY DR
JONESBORO, GA 30236-5450

**JAMES ONEIL**

| | | |
|---|---|---|
| **#** | **359501** | |
| **Status** | **ACTIVE** | **END OF RENEWAL** 01/31/2021 |

**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

1546233311334425

**JAMES ONEIL**

| | | |
|---|---|---|
| **#** | **359501** | |
| **Status** | **ACTIVE** | **END OF RENEWAL** 01/31/2021 |

**CERTIFIED GENERAL REAL PROPERTY APPRAISER**

THIS LICENSE EXPIRES IF YOU FAIL TO PAY RENEWAL FEES OR IF YOU FAIL TO COMPLETE ANY REQUIRED EDUCATION IN A TIMELY MANNER.

State of Georgia
Real Estate Commission
Suite 1000 - International Tower
229 Peachtree Street, N.E.
Atlanta, GA 30303-1605

LYNN DEMPSEY
Real Estate Commissioner

1546233311334425

Report Version 8

Generated on 1/16/2020 at 4:44:58 PM